

County of Fairfax, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003



***“Meeting the needs of a diverse and growing community
through innovative services...”***

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2003



DEPARTMENT OF FINANCE

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COUNTY OF FAIRFAX, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

The Introductory Section contains the letter of transmittal, which provides an overview of the County of Fairfax's finances, economic prospects, and achievements. Also, included in this section is the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.



FAIRFAX COUNTY

12000 Government Center Parkway

Fairfax, Virginia 22035

VIRGINIA

The Board of Supervisors
County of Fairfax
Commonwealth of Virginia

November 18, 2003

Madam Chairman and Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2003, in accordance with the *Code of Virginia*. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

The letter of transmittal is traditionally addressed to the governing or legislative body. We believe that the CAFR should be management's report to constituents, oversight bodies, resource providers, investors, and creditors. This letter is addressed to you, and by wide circulation it is also directed to the citizens of Fairfax County and all other interested readers. In addition to complying with legal requirements, Fairfax County has a strong tradition of full financial disclosure. This transmittal letter, the financial statements, supplemental data, and the statistical tables contained herein reflect this philosophy.

Our CAFR is divided into three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of the County's principal elected and appointed officials, the organizational chart, and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the independent auditors' report, Management's Discussion and Analysis, Basic Financial Statements, including the notes, and Required Supplementary Information. In addition, the financial section contains supplemental data, consisting of combining, individual fund, and component unit financial statements and schedules. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis. The Single Audit Report, which is required for federal grant recipients, is issued separately.

All the financial activities of the reporting entity are included within this report. As used here, the reporting entity comprises the primary government (County of Fairfax, as legally defined) and its component units. Under GASB pronouncements, component units are legally separate entities for which the primary government is financially accountable. The component units of the County include both blended component units and discretely presented component units. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Solid Waste Authority of Fairfax County, the Small District One and the Small District Five are reported as part of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, changes in financial position, and cash flows from those of the primary government. The Fairfax County Public Schools, the

Fairfax County Redevelopment and Housing Authority, the Fairfax County Park Authority, and the Fairfax County Economic Development Authority are reported as discretely presented component units.

GOVERNMENTAL STRUCTURE

The County is located in the northeastern corner of Virginia and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D. C. metropolitan area, which includes jurisdictions in Maryland, Northern Virginia, and the District of Columbia.

The Fairfax County government is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which sets policy for the administration of the County. The Board of Supervisors comprises ten members: the Chairman, elected at-large for a four-year term, and one member from each of nine districts, elected for a four-year term by the voters of the district in which each member resides. The Board of Supervisors appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board of Supervisors.

Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. Fairfax County surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Properties within these cities are not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. The County does, however, provide certain services to the city residents pursuant to intermunicipal agreements.

The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by State law, are in effect. Properties in these towns are subject to County taxation, and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the approval of the County.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

In spite of the fallout experienced by telecommunications and technology sectors, September 11th, the sniper shootings, and more recently, the war on terrorism and conflict in Iraq, economic indicators show that the County's economy is steadily regaining its momentum. The County's Coincident Index, which represents the current state of the County's economy, increased to 123.7 in June 2003 - a 0.9 percent gain over May 2003 - resulting in the third consecutive month with a positive Index. Total employment has increased throughout the year with a July 2003 unemployment rate almost half a percent lower than the 2002 average.

While there are signs of economic recovery, the County is still struggling with consumer confidence. Consumer spending was depressed by the anxieties associated with the sniper shootings, and further undermined during the winter months and by threats of terrorism and the war in Iraq. At 80.4, the July 2003 consumer confidence index was 34.47 points lower than the July 2002 index. The confidence index has begun to steadily increase over the latter months of fiscal year 2003 and is expected to continue to strengthen with the County's anticipated job growth.

The County's Leading Index, which is designed to forecast the performance of the County's economy nine to twelve months in advance, has fluctuated over the year, but has steadily increased over fiscal year 2002's

Leading Index. Although the increase is not rapid, it appears that the Leading Index has found its new bottom and is preparing for renewed and consistent growth.

Key factors in the steady growth of the economy include the expansion of the County's job base, increased consumer spending, and the strengthening of the housing market. The County had 586,039 jobs in July 2003, a 1.93 percent increase from July 2002. New auto registrations increased almost 20 percent from July 2002 to 7,343 in July 2003. The percentage change in real estate value for 2003 was 15.14 percent, as compared to 13.64 percent in 2002.

Economic Development

Government contractors, especially firms involved in defense and anti-terrorism, have capitalized on Fairfax County's proximity to Washington, D. C. and figured prominently among firms adding jobs during the past few years. In 2003, Unisys, a worldwide information technology services company, announced it would consolidate its Global Public Sector headquarters in Fairfax County and create up to 900 jobs over three years. Defense contractor BAE SYSTEMS North America announced it would base a new systems integration unit in the County and create 1,000 jobs over three years. Innovative Technology Applications, a software developer with a Defense Department emphasis, said it would add 260 jobs over two years. WAM!Net, a Minnesota-based global provider of secure, digital content delivery and hosting solutions, opened its Government Services subsidiary in the County and plans to create 244 jobs within the first year.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet and Internet-related services, has served as a strong magnet for the expansion and attraction of business and professional services. Fairfax County continues to attract a range of technology companies from Internet and information technology services to aerospace and biotechnology companies. Major corporations that have located their corporate headquarters in Fairfax County include American Management Systems, BearingPoint, Booz Allen Hamilton, Capital One Financial, the Federal Home Loan Mortgage Corporation, the Gannett Company, General Dynamics, Nextel Communications, and USA Education (Sallie Mae).

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (EDA) whose commissioners are appointed by the Board of Supervisors. The EDA promotes Fairfax County as a preferred location for business start-up, relocation, and expansion; capital investment; and business travel and events. It works with new and existing businesses to help identify their facility and site needs and assists in resolving County-related issues. Pursuant to its enabling legislation, the EDA encourages investment in the County with tax-exempt industrial revenue bond financing. Through its Convention and Visitors Bureau, the EDA attracts meetings, conferences, and business travel to the County and encourages local private sector support for this effort. The EDA also draws visitors to the County's historic, cultural, and recreational attractions. Since the EDA began its program to attract business in 1978, it has helped more than 1,700 companies create nearly 156,000 jobs.

During the first quarter of fiscal year 2003, the EDA was instrumental in opening the Fairfax County BioAccelerator, the first business incubator in northern Virginia geared to helping early-stage bioscience and biotechnology companies develop products and markets. The BioAccelerator will be a key factor in revitalizing the economy of the central area of the County. The EDA organized transatlantic competition that will bring a British bioscience company to the BioAccelerator and a Fairfax County technology company to an incubator in the United Kingdom.

The total inventory of office space in the County was estimated at over 100 million square feet at the end of calendar year 2002. Industrial/hybrid space in the County was estimated at 36.5 million square feet. The vacancy rates for the office market and industrial/hybrid markets were 12.1 percent and 7.3 percent, respectively, in 2002. Fairfax County is one of the largest suburban office markets in the United States.

The 16-mile Dulles Toll Road provides access from Washington, D. C. through Tysons Corner and Reston-Herndon (the largest business centers in the County) to Washington Dulles International Airport, on the County's western edge. Washington Dulles International Airport has experienced a significant increase in service levels and demand in recent years, serving as a catalyst for corporate activities dependent on immediate access to air travel. Dulles serves nearly 60,000 passengers daily with nonstop flights to 72 U. S. cities and 28 foreign markets. On the East Coast, the airport is the second largest transatlantic gateway. Over 17 million passengers, including more than 4 million international travelers, flew in and out of Washington Dulles in 2002.

In January 1990, the Smithsonian Board of Regents selected 176 acres of Washington Dulles International Airport as the site for the Smithsonian National Air and Space Museum, Dulles Center. More than 280 rare and historic aircraft and spacecraft including the Space Shuttle Enterprise will be displayed at Dulles Center, a \$238 million expansion of the airport. Ground breaking for the 760,000 square-foot museum was held in October 2000, and construction began in January 2001. The doors are slated to open in time to celebrate the 100th anniversary of the Wright Brothers' first powered flight on December 17, 1903.

The Board of Supervisors and the County have supported the redevelopment of the County's more mature business areas. The revitalization of seven designated commercial areas of the County is underway in Annandale, Bailey's Crossroads/Seven Corners, the Lake Anne section of Reston, the Springfield and McLean central business districts, Merrifield, and the Richmond Highway corridor in the southeastern portion of the County. A number of capital improvements to the streetscapes, such as new sidewalks, trees, and upgraded street lighting, have enhanced these communities.

Additionally, a new South County Government Center opened its doors to serve the residents of Southeastern Fairfax County in 2002. The South County Government Center received two awards for design: the 2002 Award of Merit in the "Best Building, Build to Suit, 150,000 Square Feet and Above" category by the National Association of Industrial and Office Properties and the 2002 Community Appearance Award from the Community Appearance Alliance of Northern Virginia.

The County's newest retail center, centrally located in the County, is Fairfax Corner. Fairfax Corner is a pedestrian-oriented center with an urban feel featuring shops, restaurants, offices, residential areas, and a 14-screen multiplex cinema. The complex will include a town commons and plaza with fountain and attractive landscaping. Office space will total 137,000 square feet, and there will be over 1,100 luxury residential units. While construction is still underway, several restaurants, offices, and stores opened during Spring 2003.

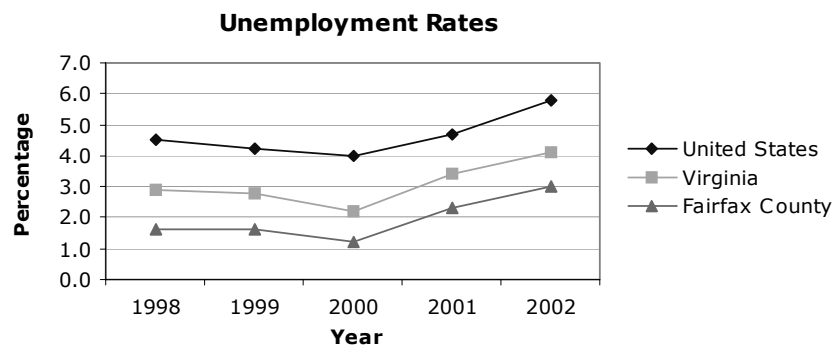
Employment

Approximately 28,000 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services, are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet and Internet-related services; wholesale and retail trade; defense and homeland security; and financial services.

The County leads the Washington area in job growth, accounting for approximately one third of the region's overall increase in jobs in the last year. Through the efforts of the EDA, more than 8,600 jobs were added by 143 companies and overall, approximately 28,000 jobs were added to the County's economy during 2002, bringing the number of jobs to approximately 586,000.

The unemployment rate in the County has fallen to 2.4 percent in July 2003 from an average of 3.0 percent for fiscal year 2002. The Washington metropolitan area and national unemployment rates in July 2003 were 3.5 percent and 6.2 percent, respectively. In the County, initial claims for unemployment compensation in July 2003 were 30.7 percent below the number of claims in July 2002.

The graph below shows unemployment rate information for the past five years for the County, the Commonwealth of Virginia, and the United States. Fairfax County is consistently below the national and state averages for unemployment rates.

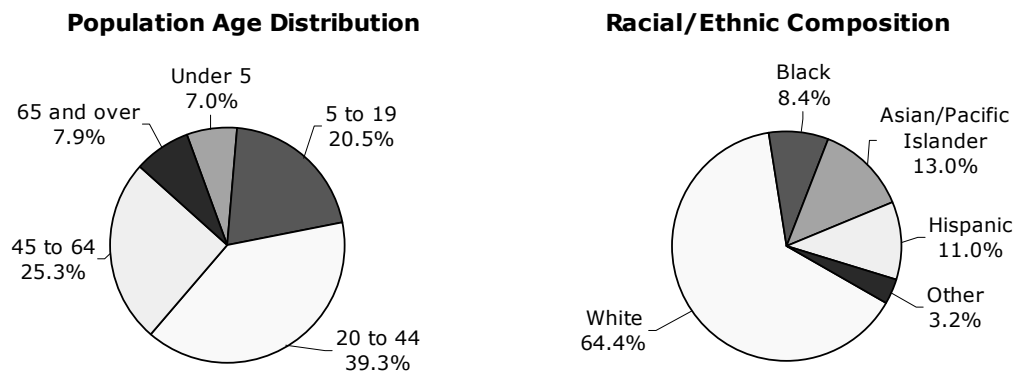


Source: Virginia Employment Commission, Annual Unemployment Statistics

Demographic Information

In fiscal year 2003, Fairfax County crossed the one million mark in population. Between 1980 and 1990, the County added an average of about 22,200 persons per year to its population. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D. C. metropolitan area, as defined by the U. S. Bureau of the Census. By 1990, Fairfax County, with 818,584 residents, had become the most populous jurisdiction in the metropolitan region. Population growth during the 1990s slowed somewhat in Fairfax County, and on average, about 14,200 persons per year were added to the population between 1990 and 2000. It is anticipated that the population will continue to grow at a rate of approximately 10,000 per year through 2020.

As illustrated in the charts below, the composition of the County's population is quite diverse. In 2000, over one-third of the population was non-white. Also in 2000, over one-third of the population was in the 20 to 44 age range. In addition, according to the 2000 Census, over 30 percent of the population spoke a language other than English at home, as compared with 10.7 percent in 1980.



Source: U. S. Census Bureau, 2000 Decennial Census, SF1

As reported in the 2000 Census, Fairfax County had an annual median household income of \$82,000, and almost 16 percent of County households had annual family incomes of \$150,000 or more. The average household size in 2000 was 2.64, and the number of households was 350,714.

Single-family detached housing units continue to account for close to one half of all housing units within Fairfax County, representing 49.7 percent of the total in 2002. Townhouses account for 24.4 percent, and the

remaining 25.9 percent is comprised of garden units, high-rise and mid-rise units, multiplex units, and mobile homes. The median market value of owned homes in 2002 (including condominiums) was \$265,611. As of July 2003, the median sales price in the County for new single family homes, townhomes, and condominiums was \$644,565, \$379,200, and \$303,545, respectively.

Public Schools

Fairfax County Public Schools (FCPS), with a student population of 163,386 in fiscal year 2003, is the largest educational system in the Commonwealth of Virginia and is the twelfth largest in the continental United States. The School Board is composed of nine magisterial (election) district representatives plus three at-large members with each member serving a four-year term. A student representative, selected for a one-year term, participates in discussions but does not vote. The operating costs of FCPS are provided primarily by transfers from the General Fund of the County to FCPS; additional funds are provided by the federal government and the Commonwealth of Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds of the County.

FCPS has developed a wide variety of programs designed to meet the individual needs of students and to enhance academic achievement. A full range of programs, such as English for speakers of other languages (ESOL), intervention initiatives, Head Start, special needs schools, meals for disadvantaged children, and grade one reduced ratio serving at-risk students, are operated by FCPS. FCPS has also developed strong accountability systems to ensure that every child receives a quality education as compelled by the federal No Child Left Behind Act. Results under the second annual report for the No Child Left Behind law show that 99.5 and 97.8 percent of the County's public schools show adequate yearly progress in meeting achievement standards in math and English, respectively. Programs for gifted students are available at all grades in all schools, and qualified students may attend Thomas Jefferson High School for Science and Technology (TJHSST), which is designated as one of the Governor's magnet schools for science and technology. Students from other Northern Virginia counties are admitted to TJHSST on a tuition-paying basis.

There is a strong academic program across the County for college-bound students. Approximately 92 percent of high school graduates continue on to post-secondary educational programs. In addition, all 23 County high schools made *Newsweek's* list of top high schools in America for 2003. FCPS was the only large school district in the country to have every eligible high school on the list of "The Best High Schools in America," and six Fairfax County schools were ranked in the top 100. Also in 2003, 198 FCPS students were named National Merit Scholarship Semifinalists, and 53 students were awarded college-sponsored merit scholarship awards from the National Merit Scholarship Corporation. In 2003, FCPS students registered an average combined verbal and math SAT score of 1110. The combined average score for Virginia was 1024, and the national average was 1026.

An extensive program for students pursuing opportunities in technical careers also has been developed. Various courses are offered in business, health occupations, industrial technology, marketing, trade and industrial, and work and family studies program areas. In addition, there are special programs offered for gifted children and for physically-challenged children ages 2 through 21. A comprehensive summer school program for students in the general academic program as well as for special education students is offered. FCPS also provides an extensive adult education program offering basic education courses and general education, vocational, and enrichment programs.

Colleges and Universities

The George Mason University (GMU) and Northern Virginia Community College (NVCC) represent the two largest higher education institutions located in Fairfax County. For the 2002-2003 school year, GMU had an enrollment of approximately 26,800 students in more than 100 disciplines, including doctoral programs, while the Northern Virginia Community College had approximately 80,000 students in five campuses in Northern Virginia. Other institutions of higher education located in Fairfax County include Averett University, the Keller Graduate School of Management, National-Louis University, the Virginia Polytechnic

Institute and State University, and the University of Virginia – the latter two located in the Northern Virginia Graduate Center - and the recently opened University of Virginia Darden School of Business. American University, George Washington University, Catholic University and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

Cultural Programs

Wolf Trap Farm Park for the Performing Arts, a cultural facility internationally renowned for the number and quality of its ballet, symphony, concert, and opera offerings, and the only national park for the performing arts in the U. S., is located in the northern part of Fairfax County. The County also assists in supporting the Fairfax Symphony, an internationally recognized 94-member orchestra that provides a variety of musical programs and outreach services to County residents. Other well-known attractions in the County include Mount Vernon, the home of George Washington; Woodlawn Plantation, George Washington's wedding gift to his nephew; and Gunston Hall, home of George Mason, author of the U. S. Bill of Rights and the first Constitution of Virginia.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Meeting the Needs of a Diverse and Growing Community through Innovative Services

As the County's population surpassed the one million mark during fiscal year 2003, the challenge continues to be meeting the needs of a diverse and growing community. The County continues to rise to this challenge by providing innovative services to its citizens.

At the County's South County Government Center, located in the southeastern part of the County, citizens are provided with a "one-stop" service center of consolidated County services. The building is occupied by a variety of County agencies and includes a state-of-the-art Job Source Center. Located next to the main lobby is an Access Fairfax Center where citizens can use County computers to find information about County services and conduct business online with agencies.

An interactive kiosk program known as CRiS (Community Resident Information Services) was initiated by the County to provide an alternative way of obtaining information and conducting business transactions at convenient locations and times. The recently upgraded kiosks comply with the Americans with Disabilities Act (ADA) provisions and are equipped with a touch screen monitor, credit card reader, bar code scanner, and a MICR reader for check processing. Currently, there are 25 kiosks located throughout the County in public libraries, regional shopping malls, government centers, and other public locations. The total number of customers served to date through these kiosks is over 257,000.

Another initiative undertaken by the County, called the Interactive Voice Response (IVR) system, allows residents to access information and conduct business anywhere there is a touch-tone telephone. Almost half of all County agencies have implemented the IVR system, which currently takes 78,000 calls per month, with approximately 15 percent of calls taken outside of normal business hours. Applications connected to the IVR system include a general information line; County Courts information line, including credit card payment of traffic tickets; inspection requests and status; tax payments; fax-on-demand of real estate assessment information; and a victim services information line. The total number of calls received to date through the IVR system is more than 819,000.

The Fairfax County website and cable TV channel 16 are other methods used to bring information and services to the citizens 24 hours a day. The County's web site is visited 625,000 times per month and includes information on living in the County, doing business in the County, visiting the County, and the County's government. Cable TV channel 16, the winner of 13 CableACE Awards and over 100 other national awards for video excellence, provides high quality information and educational programming to the citizens of Fairfax County.

Another improvement to the County's multiple channels for service delivery is the addition of Personal Digital Assistant (PDA) access to County Web information. This year, the County developed a mobile application that provides access to the County's phone directory and e-mail contact links through wireless devices such as a PDA or cellular phone. Citizens can search by name or view an alphabetical list of all County phone numbers. This application also allows users to contact agencies via e-mail or phone depending on the user's device capabilities. This initiative will be further expanded over the next several fiscal years to increase citizen access to services and information via wireless devices.

The County has also successfully entered into the world of customer relationship management technology (CRM) to yield better responsiveness to customers and improved internal efficiencies. CRM technology has been implemented in many areas of the County, including the Board of Supervisors, Office of Public Affairs, and Cable Communications and Consumer Protection. Consumer services information is available online through the CRM technology, allowing constituents to conduct their own research as well as report problems via the Web. Efforts continue with projects for improved response and management of constituent services in the Department of Systems Management for Human Services and the Department of Public Works and Environmental Services.

Other County initiatives include Electronic Bill Presentment and Payment, the Geographic Information System (GIS), and the Permitting and Inspections System. Through Electronic Bill Presentment and Payment, citizens and vendors of the County will have the ability to pay taxes, fines, fees, and permits using a variety of technological options. Milestones of this initiative to date include the implementation of the Park Authority's Internet registration and fee payment system and implementation of the Parking Ticket Bill Presentment and Payment application, which provides citizens the ability to pay multiple parking tickets using the Internet or over the telephone via IVR. GIS technology allows citizens to view and download maps over the Web. Over two million dynamic maps were made available over the Web in fiscal year 2003. The Permitting and Inspections System consolidates inspection, permitting, and zoning functions performed by multiple County departments into a single software solution. This system helps County departments improve the efficiency of business processes, as well as improve customer service by providing "one stop" services for customers, such as web browser access for online permit applications and inspection requests and real time inquiry about the status of pending cases.

The County's Risk Management Division, Department of Finance, instituted an awarding-winning program in 2002 to provide emergency medical assistance to employees and citizens. The Automated External Defibrillator (AED) program also required extensive collaboration between Fire and Rescue, Facilities Management, and the Health Department. The program included procurement, installation, and maintenance of AED units and providing training in the use of these units. Over 120 volunteers participated in the training program, and 17 units were installed throughout the three primary buildings of the Government Center Complex. The program was validated by saving a life in the County's Fitness Center, utilizing an AED unit, only three weeks following the equipment installation.

Improving Quality of Life

Fairfax County's strong commitment to continue enhancing the quality of life for its residents is evidenced by the Board of Supervisors' actions to preserve open space, invest in education and public safety, and improve transportation.

In July 2002, the former D. C. Correctional Facility in Lorton, totaling 2,324 acres, was transferred to the County. The Comprehensive Plan Amendment for this property, now known as Laurel Hill, indicates the primary use of the property will be for public and institutional uses, including parks, recreational facilities, cultural arts, and educational uses. Proposals from a number of community groups and organizations to redevelop the area include uses as an arts center, a museum, a day care facility, a school for special needs children, a community center, and a conference facility. During fiscal year 2003, the County sold 46.8 acres of this land to a private developer for development as a senior living campus and graduated care facility. The proceeds of \$18.2 million will be used to fund a portion of the cost of a public high school being constructed

in the Laurel Hill area. Also during fiscal year 2003, the County donated 867 acres of undeveloped Laurel Hill land to the Park Authority to bring the total County park land to more than 22,000 acres. This land will be used as open space and park land and for the development of a golf course.

Education continues to be among the top priorities for the County. The County funds more than 76 percent of the total operating costs for the public school system. The County also transferred 116 acres of Laurel Hill land to Public Schools for the construction of the new high school. Through the issuance of revenue bonds via the EDA, the construction of this high school will be completed almost three years ahead of schedule without affecting FCPS's current Capital Improvement Plan.

To support the County's commitment to public safety, the County has set aside \$10.5 million in the General Fund for fiscal year 2004 for the costs associated with the design, inspections, and plan reviews of the new Public Safety Operations Center (PSOC). The 80,000 square-foot PSOC will include a Public Safety Communications Center and an Emergency Operations Center. Resources were also provided in fiscal year 2003 to add 39 public safety-related positions. In addition, the County spent \$6.4 million on the completion of construction for police stations in the Mt. Vernon, West Springfield, and Sully Districts.

Improving transportation is also a high priority for the County. According to the 2000 Census, the average travel time to work was 30.7 minutes; over 50 percent of County residents commute to work within the County; and over 500,000 workers ages 16 and over commute to Fairfax County to work. There are several transportation services available in the County, including the Fairfax Connector and FASTRAN bus systems, Metrobus and Metrorail, and Virginia Railway Express. In addition, there are three major state-supported initiatives underway to improve transportation in the County. The Springfield Interchange Improvement Project is an 8-year, 7-phase construction project that began in March 1999 and is on schedule for completion in late 2007. The project consists of building more than 50 bridges and widening Interstate 95 to 24 lanes to improve traffic flow and make driving safer for commuters and long-distance travelers. Another initiative is the Woodrow Wilson Bridge (WWB) Project. The WWB area is a seven and a half mile corridor beginning in Maryland and connecting to Virginia by a bridge over the Potomac River. This multi-jurisdictional project consists of the replacement of the existing WWB and the upgrading of four interchanges to ease traffic congestion within the project area. The third initiative involves the Dulles Corridor Transit Station Area Study. The development concept for the Dulles Corridor involves creating four transit station areas in the median of the Dulles Airport Access Road in the Reston and Herndon areas to increase transportation options for residents and workers.

Investing for the Future

The County Executive has instituted an initiative known as the Framework for Excellence (FfX), whereby employees are challenged to be leaders and to continue to develop the organization's capacity to think and plan strategically. The framework focuses on building and aligning leadership and performance at all levels of the organization in order to achieve the County's vision and do the best work for the community.

As part of the Framework for Excellence, the County has embarked on a strategic thinking and planning initiative that will draw upon the talents and skills of all employees to meet changing customer needs. This initiative ensures that County programs are appropriately aligned with the expectations of the community; establishes a unified and articulated plan that can be communicated to all employees; and ensures that limited resources are appropriately allocated to achieve the objectives of the community as determined by the Board of Supervisors. Agencies are in the process of developing their own strategic plans, as directed by the County Executive, to help achieve the County's vision and values.

A leadership development program (LEAD) was also implemented in partnership with the University of Virginia's Weldon Cooper Center for Public Service to assist in the FfX initiative. The LEAD program emphasizes key concepts related to building high-performance organizations, developing a shared approach to leading and managing, and creating parallel organizations that engage all levels of employees. Departments and agencies are encouraged to tap into the strengths of their employees to improve service delivery. Managers and staff have been participating in this program and attending training since 2001.

In addition to LEAD, the Framework for Excellence also includes employee development opportunities, such as the George Mason Fellows Program, a partnership between Fairfax County and George Mason University designed to provide a series of academic and work-related experiences to distinguished local government employees; the County Executive Internship Program, which provides employees with an opportunity to learn, practice, and develop leadership abilities through a range of hands-on experiences focused on public service, stewardship, and management and leadership development; and the Council of Governments Institute for Regional Excellence, a program designed to provide a forum through which local government managers can learn new techniques for responding to the regional challenges facing the Washington area.

FINANCIAL INFORMATION

Ten Principles of Sound Financial Management

The keystone to the County's ability to maintain its fiscal integrity is the continuing commitment of the County's Board of Supervisors. This commitment is evidenced by the Board's adoption in 1975 of County-developed policies, collectively known as the *Ten Principles of Sound Financial Management*, which remain the policy context in which financial decisions are considered and made. These principles relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources. From time to time the Board of Supervisors has amended these principles in order to address the changing economic conditions and management practices.

Budgetary and Accounting Controls

The *Code of Virginia* requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal and managerial/administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department, and character or project level. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.

The County's budget is adopted by May 1 for the upcoming fiscal year which commences on July 1. The two budget reviews, the Carryover Review and the Third Quarter Review, serve as the primary mechanisms for revising appropriations. State law requires that a public hearing be held prior to the adoption of amendments to the current year budget when adjustments exceed \$500,000. In addition, any amendment of \$500,000 or more requires that the Board advertise a synopsis of the proposed changes.

In September 1999, the Board of Supervisors approved the establishment of a Revenue Stabilization Fund, which is included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund with the condition that it will not be used as a method of addressing the demand for new or expanded services, but will be used solely as a financial tool in the event of an economic downturn, and then only under certain parameters. The Revenue Stabilization Fund has a targeted balance of 3.0 percent of General Fund disbursements and is separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in fiscal year 1983. The aggregate of both reserves will not exceed 5.0 percent. As of June 30, 2003, the Revenue Stabilization Fund and Managed Reserve balances were \$29,253,999 and \$49,814,959, respectively.

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of

reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the County also is responsible for maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management, the internal audit staff of the County, and independent auditors.

As part of the County's single audit, tests were made of the County's internal control structure and of its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. This testing of major federal financial assistance programs for the year ended June 30, 2003, disclosed no material internal control weaknesses or material violations of laws and regulations. The Single Audit Report is published under separate cover.

Employee Retirement Systems

The County administers four separate public employee retirement systems that provide pension benefits for various classes of County employees, as described below:

Fairfax County Employees' Retirement System (ERS) - covers County and Public Schools employees who are not members of the Virginia Retirement System or other County-funded retirement plans.

Fairfax County Police Officers Retirement System (PORS) - covers uniformed members of the Fairfax County Police Department.

Fairfax County Uniformed Retirement System (URS) - covers uniformed employees of the Fire and Rescue Department and the Office of Sheriff, park police, helicopter pilots, and game wardens who are not covered by other County-funded retirement plans or by the Virginia Retirement System.

Educational Employees' Supplementary Retirement System of Fairfax County - covers full-time educational and civil service employees of the Fairfax County Public School System.

Fairfax County has always adequately funded its retirement plans. Thanks to this disciplined approach over the years, the ERS, PORS, and URS are "on schedule" for funding purposes. Plans that are at, near, or over a 100% funded ratio tend to experience increased volatility in the annual actuarial calculations. Recognizing that large fluctuations in required contributions can be disruptive to the fiscal process, effective in fiscal year 2003, the Board of Supervisors adopted a new employer funding methodology, referred to as the "Corridor Method." Under the new methodology, the reporting entity contributes at a contractually fixed rate as determined by an annual actuarial valuation, unless the funding ratio falls outside of a pre-determined corridor. Once outside the corridor, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the corridor. The Corridor Method is designed to reduce the future volatility of employer contribution rates and adequately fund the ERS, PORS, and URS.

The operations of the four County employee retirement systems remained stable in fiscal year 2003. As of July 1, 2002, the combined actuarial value of assets compared to the combined actuarial accrued liability resulted in a funded percentage of 93.5. At July 1, 2001, this percentage was 100.12. The drop in funded percentage is primarily a result of investment market conditions. Employee and employer rates of contribution and other pertinent data related to the County's retirement systems are described more fully in the notes to the financial statements and the required supplementary information.

Debt Administration

Fairfax County borrows money by issuing tax-exempt general obligation bonds to finance major capital projects. Bond financing spreads the cost of land acquisition and building construction over a period of many years, rather than charging the full cost to current taxpayers. By law, general obligation bonds must be approved in advance by County voters in a referendum. The County continues to maintain its status as a top rated issuer of tax-exempt securities. The County has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service. The County has had an Aaa rating since October 1975 when it first received a rating from Moody's. Standard and Poor's Corporation first gave Fairfax County an AAA rating in October 1978, and Fairfax County has maintained that rating. The Fitch Investor Service rating was first received in the spring of 1997, and has been maintained since then.

Factors contributing to Fairfax County's high credit rating include recognized excellence in financial management, excellent tax collection rates, low debt ratios, and high income levels. As of fiscal year 2003, only 9 of 50 states, 23 of 3,107 counties, and 15 of 22,529 cities in the U. S. have such high bond ratings from all three rating agencies. The high credit ratings enable Fairfax County to sell bonds at interest rates significantly lower than those of most municipalities, representing substantial savings for County taxpayers throughout the life of the bonds.

The details of bonds outstanding and bonds authorized-but-not-issued are shown in Note I to the financial statements. Tables 8 through 12 of the Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the County.

Cash Management

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee is comprised of the Director of the Department of Finance (Committee Chairman), the Chief Financial Officer, the Director of the Department of Tax Administration, the Director of the Department of Management and Budget, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily investment activity and evaluates investment strategies biweekly. The County's investment policies are thoroughly reviewed on a quarterly basis.

All cash except where restricted, including available bank balances, is pooled and invested. For fiscal year 2003, the average balance of the pooled cash investment portfolio was approximately \$1.7 billion, with an average yield of 1.46 percent. Investments purchased by the County are held in the County's name by third-party trust custodians.

Risk Financing and Management

Since the inception of the risk management program in 1986, when a professional risk manager was hired, the County has established written policies and procedures relative to insurance and self-insurance, claims management and rehabilitation services, and employee safety and health programs. Risk management initiatives focus on cost-effective property and casualty insurance, programs to assess the risk of County contracts, medical management of long-term disability claims and vocational rehabilitation of disabled employees, implementation of job safety policies to ensure compliance with the Occupational Safety and Health Act regulations, and aggressive pursuit of recoveries for damages caused to County property by third parties. The County self-insures workers' compensation and liability risks with a retention of \$1 million, supplemented by commercial policies with limits of \$10 million. The County's risk management program has been recognized by the National Association of Counties and the Virginia Government Finance Officers Association for its innovative and effective approach.

OTHER INFORMATION

Independent Audit

The County's financial statements have been audited as required by the *Code of Virginia* and have earned an unqualified opinion by the accounting firm of KPMG LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Uniform Financial Reporting requirements for Virginia counties and municipalities as established by the Auditor of Public Accounts of the Commonwealth of Virginia. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report. The Single Audit Report, issued separately, contains the independent auditors' reports related specifically to the single audit.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement for every year since 1977.

Distinguished Budget Presentation Award

The GFOA has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since fiscal year 1987. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

Investment Policy Award

The Association of Public Treasurers of the United States and Canada has awarded the County a certification for its investment policy, confirming that the County met the high standards set forth by the Association. This is the fifth consecutive award to the County, which was one of six municipal governments in Virginia to receive this honor in 2003.

Annual National Association of Counties (NACo) Awards

The NACo awards are national recognition of significant innovative programs and activities that improve the organization, management, or service of county governments. The County received the following nine NACo 2003 Achievement Awards for innovative programs:

Emergency Response Planning Program – This program was created by the Department of Public Works and Environmental Services, Division of Facilities Management, to assure the safety, welfare,

and protection of County employees, visitors, and property during emergency situations at County work sites. The goal was to create consistent Emergency Response Plans for every work site. Communication technology was utilized and seen as a critical element of managing emergency responses. This program resulted in numerous positive results regarding better preparedness when responding to emergency situations and employee understanding of shared responsibility.

Keep It Green “E-Waste” Program – This program is a partnership between the Department of Public Works and Environmental Services, Division of Solid Waste Collection and Recycling, and ServiceSource, a non-profit organization that provides employment opportunities to people with disabilities. This partnership was created with assistance from the Economic Development Authority and has involved nearly a dozen private sector, community, and school organizations in community collection events. The goal is to provide convenient and environmentally responsible ways for Fairfax County businesses and citizens to recycle obsolete electronic equipment. The program has recycled over 150 tons of electronic materials since its inception while providing valuable employment opportunities to citizens with disabilities.

GIS Use in Crime Analysis by Fairfax County Police – The Department of Information Technology, through the GIS program, has provided innovative ways to analyze crimes and criminals in the past several years. Through this program, the Fairfax County Police Department has greatly benefited in crime analysis from using the GIS technology. Overall this program demonstrates the increasing benefits and payback of a GIS-based local government.

Task-Based Home Care Services – The Department of Human Services has created a program to effectively and efficiently help elderly persons and adults with disabilities. The purpose of task-based services is to provide needed support so that elderly persons and adults with disabilities can live in their own apartments, rather than in assisted living facilities or nursing homes. This program has provided the growing senior population ways to independently, and as safely as possible, live in their communities. The real success of this program is that 100 percent of the surveyed respondents stated that they were satisfied with the task-based service delivery program. The initial program reached 147 clients, and in the upcoming years it plans to add 12 apartment complexes to serve even more clients.

Child Care Central – The Office for Children (OFC) partnered with the Department of Information Technology to develop comprehensive, Web-based information within the County’s website. This effort was part of the County’s larger initiative to promote e-government within County services. The Web page, “Child Care Central,” contains options that allow parents to access information about child care and OFC services or perform their own child care searches. Child Care Central also received the Program Excellence Award for Innovations in Local Government Management from the International City/Council Management Association.

Returning Unclaimed Money to Rightful Owners – The Department of Finance worked in conjunction with the Department of Information Technology to implement an innovative program, at no cost to the County, which enhanced abilities to return unclaimed money. The County created a process that took extraordinary measures to help citizens claim their money and exceeded statutory requirements in returning unclaimed money to rightful owners via the Internet. Each month there are approximately 300 citizens/businesses visiting the Web page with an average of 26 percent of the claim submissions being validated as rightful owners. Last year, these efforts resulted in approximately \$1.4 million being returned to the owners and only \$160,000 being escheated to the Commonwealth of Virginia.

Youth Leadership Program – The Department of Management and Budget, in a joint effort with Fairfax County Public Schools, designed this program to educate and motivate high school students to become engaged citizens and leaders in the community. The program runs for one full year and includes a series of monthly sessions about County government, work assignments related to each

session, a summer internship in a County agency, and a presentation to eighth grade civic students. One or two students are chosen from each high school in the County. This year there were 29 students from 24 high schools participating in the Youth Leadership Program.

After Hours: Reaching Out to the Teen Population – The Fairfax County Park Authority created this program to give teens a safe place to be after hours. By implementing website technology and a nearly-no-cost program, After Hours concerts were created. Local RECenters provided nighttime concerts that the teenage population would attend while at the same time pleasing parents because they knew their children were in a safe environment at night.

Fitlinxx: A Virtual Training Partner – This best in category program developed by the Park Authority is a multi-site computerized fitness network system aimed at making Fairfax County a healthier community. This program is designed to allow RECenter patrons to see results from their workouts faster and thus stay on their fitness regimen longer. The patrons ultimately will achieve the health benefits that come with regular exercise. Some of these benefits include decreased risk of heart disease, diabetes, certain types of cancer, and lower blood pressure and cholesterol levels.

Fairfax County Park Authority Gold Medal Award

The Fairfax County Park Authority was awarded the Gold Medal by the National Recreation and Park Association (NRPA) for calendar year 2002. The Gold Medal Awards recognize the nation's outstanding park and recreation agencies for excellence in park and recreation management. The competition is open to city, county, and state park and recreation departments with a single Gold Medal awarded in five population classes. The Park Authority won in Class I. The Gold Medal Awards are considered the top honor in the field of parks and recreation.

ACKNOWLEDGMENTS

We express our sincere appreciation to all staff who contributed to this report, especially the members of the CAFR Project Team in the Financial Reporting and Accounting Operations Divisions of the Department of Finance, who prepared and compiled this report. We commend them for their professionalism, hard work, and continued efforts to improve this report. In addition, we acknowledge the cooperation and assistance of each County department throughout the year in the efficient administration of the County's financial operations.

This CAFR reflects our commitment to the citizens of Fairfax County, the Board of Supervisors, and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully,



Anthony H. Griffin
County Executive



Edward L. Long, Jr.
Chief Financial Officer



Robert L. Mears
Director of Finance



**COUNTY OF FAIRFAX,
VIRGINIA**

Urban County Executive Form of Government
As of June 30, 2003

BOARD OF SUPERVISORS

Katherine K. Hanley, Chairman	At large
Gerald W. Hyland, Vice Chairman	Mount Vernon District
Sharon S. Bulova	Braddock District
Gerald E. Connolly, Jr.	Providence District
Cathy M. Hudgins	Hunter Mill District
Michael R. Frey	Sully District
Penelope A. Gross	Mason District
Dana Kauffman	Lee District
Elaine N. McConnell	Springfield District
Stuart Mendelsohn	Dranesville District

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Nancy J. Vehrs

COUNTY EXECUTIVE

Anthony H. Griffin

DEPUTY COUNTY EXECUTIVES

Verdia L. Haywood

Robert A. Stalzer

CHIEF FINANCIAL OFFICER

Edward L. Long, Jr.

CHIEF INFORMATION OFFICER

David J. Molchany

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Susan W. Datta, Director

DEPARTMENT OF FINANCE

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DEPARTMENT OF TAX ADMINISTRATION

Kevin C. Greenlief, Director

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

Cathy A. Muse, Director

OFFICE OF THE COUNTY ATTORNEY

David P. Bobzien, County Attorney

OFFICE OF PUBLIC AFFAIRS

Merni C. Fitzgerald, Director

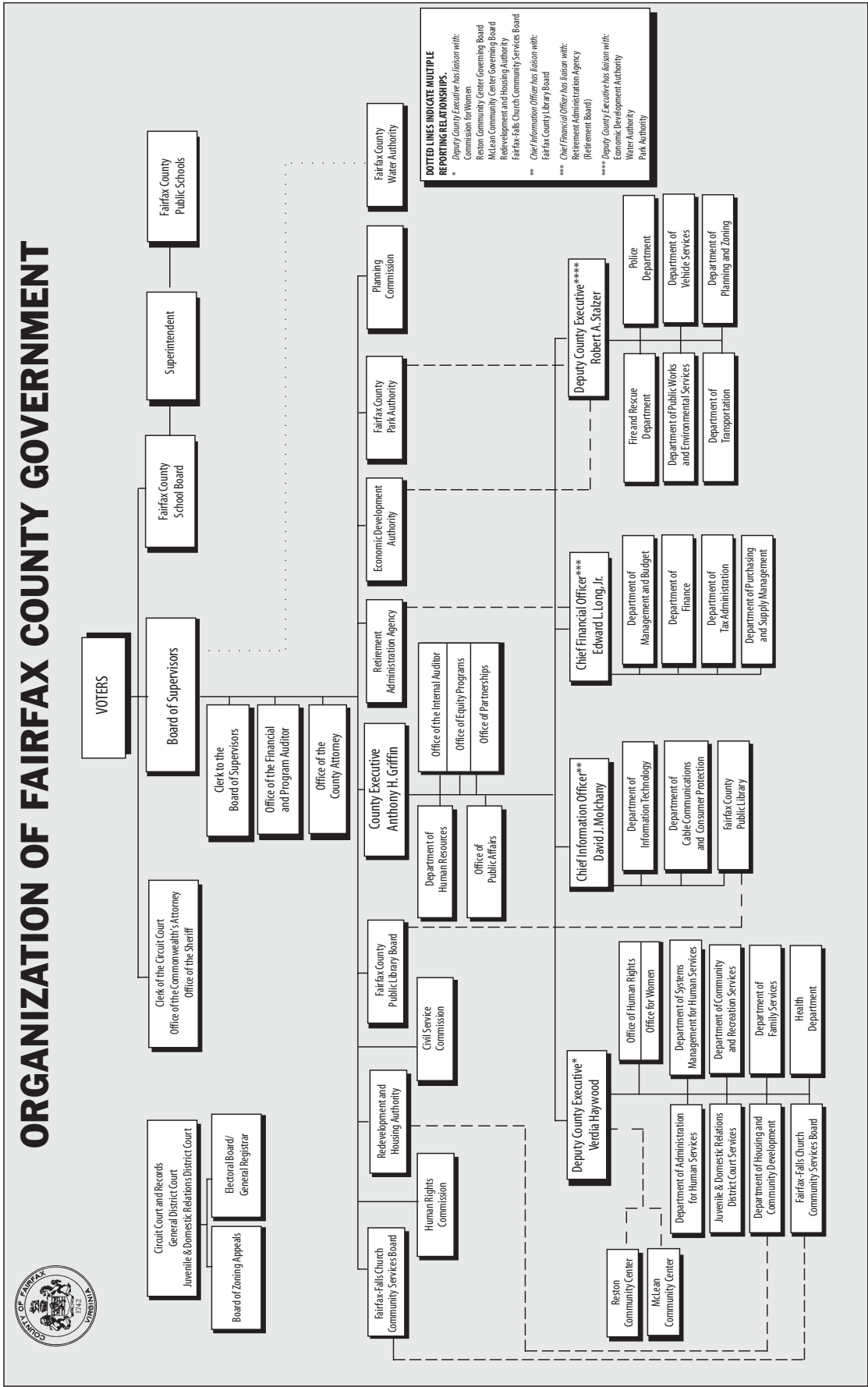
INTERNAL AUDIT OFFICE

Christopher J. Pietsch, Director

INDEPENDENT AUDITORS

KPMG LLP





This report was prepared by:

COUNTY OF FAIRFAX, VIRGINIA
DEPARTMENT OF FINANCE

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A special thanks to Cathy Lemmon of the Office of Public Affairs for designing the cover.

**GOVERNMENT
FINANCE
OFFICERS
ASSOCIATION
AWARD**

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**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Fairfax,
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward Haney

President

Jeffrey R. Enen

Executive Director



Financial Section

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.



2001 M Street, NW
Washington, DC 20036

Telephone 202 533 300
Fax 202 533 8500

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County of Fairfax's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, representing 2.26% and 0.28%, respectively, of total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's aggregate discretely presented component units financial statements, insofar as it relates to the amounts included for the discretely presented component units of FCRHA, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. All financial statements of the discretely presented component units of FCRHA were audited in accordance with auditing standards generally accepted in the United States of America, and certain financial statements of these discretely presented component units were also audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





The Management's Discussion and Analysis on pages 3 through 15 and the Required Supplementary Information on pages 89 through 95 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2003 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information listed as introductory section, other supplementary information, and statistical section in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

October 31, 2003

Management's Discussion and Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of the County of Fairfax's overall financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year (FY) that ended on June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is also contained in this CAFR.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The County's assets exceeded liabilities by \$972.0 million on a government-wide basis at June 30, 2003.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$2,714.3 million, plus a gain of \$17.6 million on the sale of land. Expenses amounted to \$2,728.1 million.
- For the fiscal year, revenues of the County's business-type activities were \$119.8 million, and expenses were \$127.0 million.

Highlights for Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balance of \$130.9 million for fiscal year 2003, as compared to \$59.4 million for fiscal year 2002.
- The County's General Fund reported a fund balance of \$153.5 million, an increase of \$26.7 million from June 30, 2002.

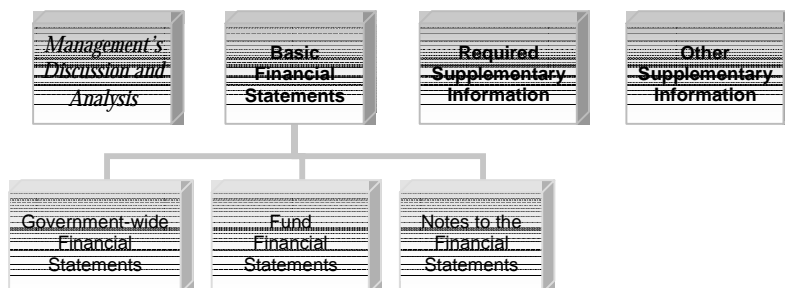
General Financial Highlights

- In March 2003, the County issued \$171.2 million of general obligation refunding bonds to refund certain outstanding general obligation bonds in order to save \$13.2 million in future debt service payments.
- In May 2003, the County issued \$195.2 million of general obligation public improvement bonds to finance school, public safety, park, and other general County improvements.
- In June 2003, the Economic Development Authority issued \$70.8 million of revenue bonds to finance the initial development of the Laurel Hill area of the southern part of the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: (1) management's discussion and analysis (presented here), (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information.

Components of the Financial Section



The County's basic financial statements consist of two kinds of statements, each with a different view of the County's finances. The government-wide financial statements provide both long- and short-term information about the

County's overall financial status. The fund financial statements focus on major aspects of the County's operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the General Fund and trend data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, internal service, and fiduciary funds; capital assets; and component units.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County's net assets and how they have changed during the fiscal year.

The first government-wide statement—the statement of net assets—presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, non-financial factors, such as a change in the County's property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

The second statement—the statement of activities—presents information showing how the County's net assets changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories, as follows:

Governmental Activities – Most of the County's basic services are reported here, including public safety; public works; judicial administration; health and welfare services; community development; parks, recreation, and cultural programs; education; and general administration. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Included in the governmental activities are the governmental funds and internal service funds.

Business-type Activities – The County's only business-type activity, the Integrated Sewer System (Sewer System), is reported here.

Discretely Presented Component Units – The County includes four other entities in its annual financial report: Fairfax County Public Schools (Public Schools), Fairfax County Redevelopment and Housing Authority (RHA), Fairfax County Park Authority (Park Authority), and Fairfax County Economic Development Authority (EDA). Although legally separate, these component units are included because the County is financially accountable for them.

The County's governmental and business-type activities are collectively referred to as the primary government. Together, the primary government and its discretely presented component units are referred to as the reporting entity.

Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has the following three types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the governmental activities in the government-wide financial statements, additional information is provided to explain the relationship (or differences). The General Fund accounts for the main operating activities of the County and consequently, is the largest of the governmental funds. All other governmental funds, which include special revenue funds, debt service funds, and capital projects funds, are collectively referred to as nonmajor governmental funds.

Proprietary Funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long- and short-term financial information. The County's only enterprise fund, the Sewer System, is reported as the County's business-type activity in the government-wide statements. The fund financial statements provide additional information, such as cash flows, for the Sewer System. The internal service funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, certain supplies, document services, and technology infrastructure support to County departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds and agency funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. The agency funds are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

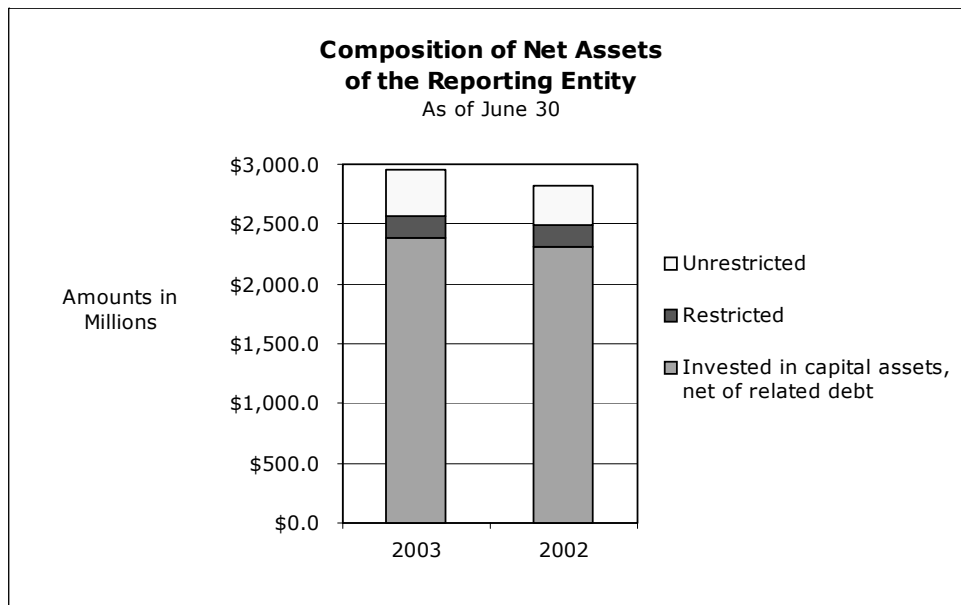
The following tables present a summary of the Statements of Net Assets for the reporting entity as of June 30, 2003 and 2002:

Summary of Net Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and other assets	\$ 2,818.2	2,553.1	\$ 288.3	322.9	\$ 3,106.5	2,876.0
Capital assets (net)	1,354.4	1,343.9	1,103.8	1,084.5	2,458.2	2,428.4
Total assets	4,172.6	3,897.0	1,392.1	1,407.4	5,564.7	5,304.4
Liabilities:						
Current liabilities	2,099.3	1,978.7	15.3	13.4	2,114.6	1,992.1
Long-term liabilities	2,002.8	1,851.6	475.3	485.3	2,478.1	2,336.9
Total liabilities	4,102.1	3,830.3	490.6	498.7	4,592.7	4,329.0
Net assets:						
Invested in capital assets, net of related debt	932.5	905.5	651.6	621.9	1,584.1	1,527.4
Restricted	29.3	11.1	144.4	154.6	173.7	165.7
Unrestricted	(891.3)	(849.9)	105.5	132.2	(785.8)	(717.7)
Total net assets	\$ 70.5	66.7	\$ 901.5	908.7	\$ 972.0	975.4

Summary of Net Assets - continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications		Total Reporting Entity	
	2003	2002	2003	2002	2003	2002	2003	2002
Assets:								
Current and other assets	\$ 3,106.5	2,876.0	\$ 408.8	344.1	\$ -	-	\$ 3,515.3	3,220.1
Capital assets (net)	2,458.2	2,428.4	1,941.7	1,852.7	-	-	4,399.9	4,281.1
Total assets	5,564.7	5,304.4	2,350.5	2,196.8	-	-	7,915.2	7,501.2
Liabilities:								
Current liabilities	2,114.6	1,992.1	150.4	153.1	-	-	2,265.0	2,145.2
Long-term liabilities	2,478.1	2,336.9	211.6	194.2	-	-	2,689.7	2,531.1
Total liabilities	4,592.7	4,329.0	362.0	347.3	-	-	4,954.7	4,676.3
Net assets:								
Invested in capital assets, net of related debt	1,584.1	1,527.4	1,840.8	1,747.9	(1,044.6)	(968.7)	2,380.3	2,306.6
Restricted	173.7	165.7	27.1	27.8	(14.5)	(16.1)	186.3	177.4
Unrestricted	(785.8)	(717.7)	120.6	73.6	1,059.1	984.8	393.9	340.7
Total net assets	\$ 972.0	975.4	\$ 1,988.5	1,849.3	\$ -	-	\$ 2,960.5	2,824.7

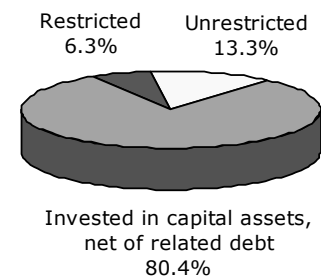
The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component units are then responsible to account for and maintain the assets purchased or constructed with the debt proceeds. While GASB No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total financial reporting entity, be accounted for separately on the face of the basic financial statements, the net assets of the total financial reporting entity best represent the entity's financial position. The reclassification column represents the matching of the primary government's outstanding debt to the component units' related capital assets from a financial reporting entity perspective.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets exceeded liabilities by \$2,960.5 million at fiscal year end 2003, representing an increase of \$135.8 million from the net assets at June 30, 2002, as shown below.



As shown on the right, the largest portion of net assets is the investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used. Net assets of the reporting entity are restricted for various uses, some of which include sewer improvements and nitrification facilities (\$134.2 million), capital projects (\$18.2 million), debt service (\$11.3 million), housing projects (\$10.8 million), and grant programs (\$6.0 million). Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor restricted for specific uses.

**Composition of Net Assets
of the Reporting Entity**
As of June 30, 2003



Statement of Activities

The following table summarizes the changes in net assets for the primary government for the fiscal years ended June 30, 2003 and 2002:

Summary of Changes in Net Assets For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$ 200.5	187.6	\$ 108.2	110.1	\$ 308.7	297.7
Operating grants and contributions	203.9	175.4	-	-	203.9	175.4
Capital grants and contributions	32.6	77.8	7.2	9.9	39.8	87.7
General revenues:						
Real property tax	1,396.2	1,233.6	-	-	1,396.2	1,233.6
Personal property tax	273.5	285.0	-	-	273.5	285.0
Business licenses tax	94.7	91.0	-	-	94.7	91.0
Local sales and use tax	143.7	139.4	-	-	143.7	139.4
Consumers utility tax	85.9	86.4	-	-	85.9	86.4
Other taxes	63.9	54.9	-	-	63.9	54.9
Unrestricted grants and contributions	197.6	209.8	-	-	197.6	209.8
Revenue from the use of money and property	21.8	31.5	4.4	7.0	26.2	38.5
Other	-	-	-	0.3	-	0.3
Total revenues	2,714.3	2,572.4	119.8	127.3	2,834.1	2,699.7
Expenses:						
General government administration	118.5	132.9	-	-	118.5	132.9
Judicial administration	35.3	32.7	-	-	35.3	32.7
Public safety	414.7	391.5	-	-	414.7	391.5
Public works	132.5	141.5	127.0	105.8	259.5	247.3
Health and welfare	383.7	370.1	-	-	383.7	370.1
Community development	134.5	142.0	-	-	134.5	142.0
Parks, recreation, and cultural	118.5	105.9	-	-	118.5	105.9
Education	1,308.4	1,209.9	-	-	1,308.4	1,209.9
Interest on long-term debt *	82.0	77.7	-	-	82.0	77.7
Total expenses	2,728.1	2,604.2	127.0	105.8	2,855.1	2,710.0
Increase (decrease) in net assets before special item	(13.8)	(31.8)	(7.2)	21.5	(21.0)	(10.3)
Special item - gain on sale of land	17.6	-	-	-	17.6	-
Increase (decrease) in net assets	3.8	(31.8)	(7.2)	21.5	(3.4)	(10.3)
Beginning net assets	66.7	98.5	908.7	887.2	975.4	985.7
Ending net assets	\$ 70.5	66.7	\$ 901.5	908.7	\$ 972.0	975.4

* For business-type activities, interest on long-term debt is included in the functional expense category.

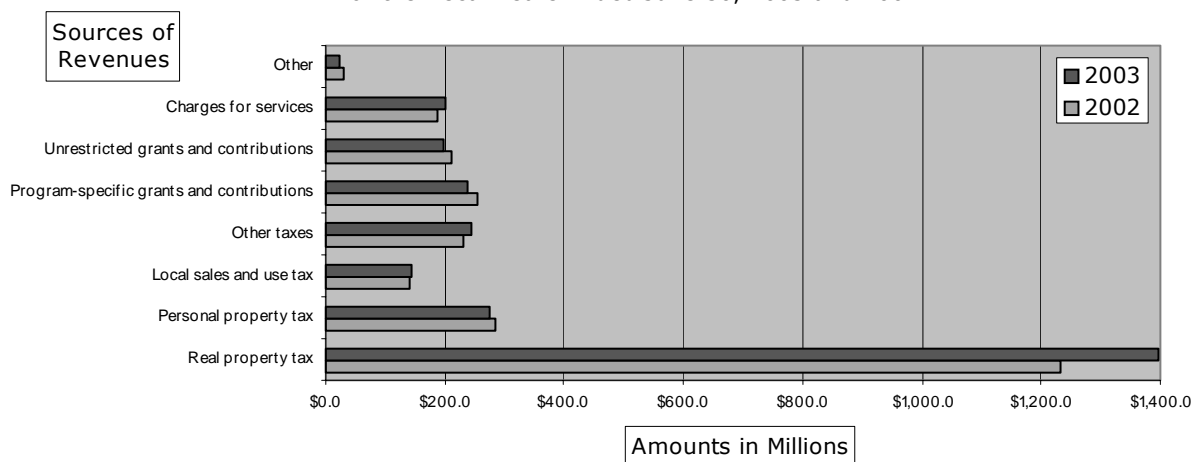
Certain amounts for FY 2002 have been reclassified for comparability to FY 2003 amounts.

Governmental Activities

Revenues for the County's governmental activities were \$2,714.3 million for fiscal year 2003, representing an increase of \$141.9 million over fiscal year 2002. Sources of revenues for fiscal years 2003 and 2002 are comprised of the following items:

Governmental Activities - Revenues by Source

For the Fiscal Years Ended June 30, 2003 and 2002

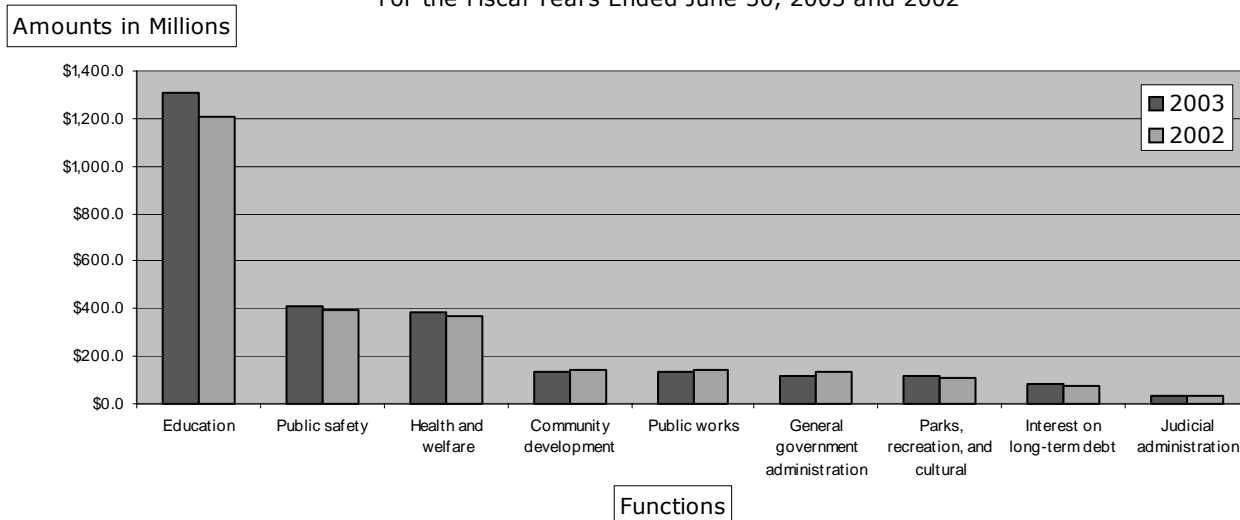


Taxes constitute the largest source of County revenues, amounting to \$2,057.9 million for fiscal year 2003, an increase of \$168.2 million over fiscal year 2002, primarily due to real property taxes. Real property taxes (\$1,396.2 million) represent close to 68.0 percent of total taxes and almost half of all revenues combined. Tax revenues for fiscal year 2003 benefited from an average increase of 15.14 percent in real property assessments. Unrestricted grants and contributions include \$195.4 million in revenues from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

Total cost of all of the County's governmental activities for fiscal year 2003 was \$2,728.1 million, representing an increase of \$123.9 million over fiscal year 2002. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled \$1.3 billion in fiscal year 2003, an increase of \$98.5 million over fiscal year 2002 to primarily fund enrollment growth. Public safety expenses represent the second largest expense, totaling \$414.7 million in fiscal year 2003. Public safety expenses

Governmental Activities - Expenses by Function

For the Fiscal Years Ended June 30, 2003 and 2002



increased \$23.2 million over fiscal year 2002 primarily as a result of increased security costs incurred in response to the war on terrorism and the conflict in Iraq. Health and welfare expenses totaled \$383.7 million in fiscal year 2003, representing the third largest expense for the County. Health and welfare expenses increased \$13.6 million over fiscal year 2002 due in part to costs associated with West Nile Virus prevention programs.

The following table focuses on the cost of each of the County's six largest programs—education, public safety, health and welfare, community development, public works, and general government administration—as well as each program's net cost (total cost less fees generated by the programs and program-specific intergovernmental aid).

Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$200.5 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$236.5 million). Of the \$2,291.1 million net cost of services, the amount that our taxpayers paid for these programs through County taxes was \$2,057.9 million.

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2003	2002	2003	2002
Education	\$ 1,308.4	1,209.9	\$ 1,305.4	1,209.9
Public safety	414.7	391.5	342.9	274.3
Health and welfare	383.7	370.1	210.4	221.5
Community development	134.5	142.0	87.5	98.5
Public works	132.5	141.5	41.6	57.3
General government administration	118.5	132.9	111.5	125.3
Other	235.8	216.3	191.8	176.6
Total	\$ 2,728.1	2,604.2	\$ 2,291.1	2,163.4

Certain amounts for FY 2002 have been reclassified for comparability to FY 2003 amounts.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2003, the Sewer System reported a decrease in net assets of \$7.2 million. Total revenues of the Sewer System were \$119.8 million, representing a decrease of \$7.5 million from fiscal year 2002. This decrease is primarily a result of the decrease in investment earnings and a reduction in sewer taps purchased by developers due to a decrease in nonresidential development.

Total costs of the Sewer System for fiscal year 2003 were \$127.0 million, representing an increase of \$21.2 million over fiscal year 2002. This increase is primarily a result of the increase in amortization expense for purchased capacity related to the Upper Occoquan Sewage Authority expanded treatment plant, which was substantially completed during fiscal year 2003, coupled with the cessation of capitalizing interest payments during construction.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of June 30, 2003, the County's governmental funds had a combined fund balance of \$607.7 million, as compared to \$476.9 million at June 30, 2002. For the fiscal year 2003 fund balance, \$187.7 million is reserved, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders and construction contracts. Approximately 69.1 percent (\$420.1 million) of the total 2003 fund balance is unreserved, representing resources available for appropriation. Of the unreserved fund balance, by nature of the individual funds, 68.3 percent (\$287.1 million) has been

designated to meet the program needs in the special revenue, capital projects, and debt service funds. Additionally, \$79.1 million of the General Fund's unreserved fund balance of \$133.0 million is designated for emergency needs and revenue stabilization for periods of economic downturn.

The increase in fund balances for all governmental funds (excluding the change in inventory) was \$130.7 million for the fiscal year ended June 30, 2003, as compared to \$59.4 million for the fiscal year ended June 30, 2002. The total revenues, other financing sources, and proceeds from the sale of land (reported as a special item) were \$3,571.9 million, and total expenditures and other financing uses were \$3,441.2 million, resulting in the increase to the fund balances. The increase of \$71.3 million from fiscal year 2002 to fiscal year 2003 in the net change in fund balances is primarily a result of the proceeds received from the issuance of bonds for the initial development of the Laurel Hill area in the southern part of the County.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$53.9 million after considering the designated amount of \$79.1 million. The \$53.9 million represents approximately two percent of the General Fund's total expenditures. The revenues of \$2,470.4 million less expenditures of \$2,099.1 million and other financing uses (net) of \$344.9 million resulted in a net change in fund balance of \$26.4 million. Key factors in the growth of the fund balance include the following:

- Assessments of real property increased significantly, and collections of certain delinquent property taxes increased, resulting in higher property tax revenues;
- Recordation taxes and associated clerk's fees increased as a result of the increase in refinancing activity associated with continued low mortgage rates;
- Sales tax receipts were slightly higher than anticipated as a result of stronger year-end growth; and
- Spending for personnel services and operating expenditures was less than anticipated due to departmental efforts to manage position vacancies and operating requirements to address anticipated fiscal year 2004 budget reductions.

The County's enterprise fund provides the same type of information found in the government-wide financial statements, as the basis of accounting is the same. Factors relating to the financial results of the Sewer System have been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, exceeded the original budget by \$46.9 million or 1.9 percent. This excess is due primarily to the carryover of prior year commitments. The final amended budget revenues and transfers in exceeded the original budget by \$2.7 million or 0.1 percent, primarily because of the increase in real property tax revenue.

Actual revenues exceeded final budget amounts by \$25.6 million, while actual expenditures were \$42.3 million less than final budget amounts, thus eliminating the need to draw upon the existing fund balance. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2003, include the following:

- Actual tax revenues exceeded budgeted amounts by \$18.0 million mostly due to real property, recordation, local sales and use, and business license taxes;
- Actual intergovernmental revenues were \$2.5 million less than budgeted amounts as a result of a decrease in amounts received from the Commonwealth;

- Revenues from the use of money and property were \$4.1 million more than budgeted amounts as a result of the unanticipated additional tax revenues available for investment;
- Actual health and welfare expenditures were \$11.5 million less than budgeted amounts primarily as a result of the implementation of a number of cost saving strategies related to programs for high-risk youth, home-based services for children receiving special education services, and the rigorous pursuit of Medicaid as an alternative funding source by the Department of Family Services;
- Actual public safety expenditures were \$10.9 million less than budgeted amounts primarily as a result of local cash match requirements for the Community Oriented Policing (COPS) program grant budgeted in fiscal year 2003, but not expended until fiscal year 2004; and
- Actual general governmental administration expenditures were \$7.4 million less than budgeted amounts as several purchases, including new voting machines, were deferred until fiscal year 2004.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2003, amounted to \$2.46 billion (net of accumulated depreciation and amortization), which represents an increase of \$29.8 million, or 1.2 percent, over last year. Capital assets as of June 30, 2003 and 2002, are summarized below:

Capital Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Land	\$ 327.5	325.4	\$ 17.5	17.3	\$ 345.0	342.7
Buildings, improvements, and infrastructure	1,201.0	1,126.3	749.8	740.8	1,950.8	1,867.1
Equipment and library collections	262.9	247.2	9.9	9.4	272.8	256.6
Construction in progress	21.7	52.1	128.7	117.7	150.4	169.8
Purchased capacity	-	-	568.1	537.9	568.1	537.9
Total capital assets	1,813.1	1,751.0	1,474.0	1,423.1	3,287.1	3,174.1
Less: Accumulated depreciation and amortization	(458.7)	(407.1)	(370.2)	(338.6)	(828.9)	(745.7)
Total capital assets, net	\$ 1,354.4	1,343.9	\$ 1,103.8	1,084.5	\$ 2,458.2	2,428.4

The major capital assets events for fiscal year 2003 included the following:

- The County sold several parcels of undeveloped land (46.8 acres) in the Laurel Hill area in the southern part of the County at a gain of \$17.6 million - reported as a special item in the Statement of Activities - to private developers to construct a senior living campus and graduated care facility;
- The County transferred several parcels (983 acres) of the Laurel Hill land at the historical cost of \$4.3 million to the Park Authority - for use as open space and park land and for the development of a golf course - and to Public Schools - for the site of a new high school;
- The costs related to the completion of construction for police stations in the Mt. Vernon, West Springfield, and Sully Districts totaled \$6.4 million and were funded with general obligation bond proceeds;

- The ongoing construction costs of improvements and expansions to the Judicial Center complex in the Providence District totaled \$9.1 million and were funded with general obligation bond proceeds;
- The developer conveyance of storm water management facilities, public drainage systems, and trails and walkways totaled \$14.3 million, and the developer contributions of sewer lines and manholes totaled \$6.8 million;
- The purchase of library books and audio/video materials totaled \$6.0 million, funded from general revenues;
- The ongoing expansion and improvement costs of the Sewer System's wastewater treatment facilities at its Noman M. Cole, Jr. Pollution Control Plant amounted to \$8.0 million, using funds generated from operations; and
- The Sewer System's share of the ongoing expansion costs of the Alexandria Sanitation Authority's and the District of Columbia's wastewater treatment facilities, which provide services to certain County residents, were \$13.2 million and \$14.1 million, respectively, using funds generated from operations.

Additional information pertaining to the County's capital assets can be found in the notes to the financial statements.

Long-term Debt

There is no legal limit on the amount of general obligation bonded indebtedness that the County can at any time incur or have outstanding. However, all such indebtedness must be approved by voter referendum prior to issuance. The Board of Supervisors has established the following self-imposed limits with respect to long-term debt:

- A limit of \$1 billion of general obligation bond sales over a five-year period, for an average of \$200 million annually, with a maximum of \$225 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2003, these percentages were 1.38 percent and 8.2 percent, respectively.

In March 2003, the County issued \$171.2 million of general obligation refunding bonds to refund certain outstanding general obligation bonds to achieve a savings of \$13.2 million in future debt service payments.

In May 2003, the County issued \$195.2 million of public improvement bonds with a true interest cost of 3.626 percent. Proceeds are being used to fund new facilities and improvements as follows (in millions):

County facilities:

Public safety	\$ 37.6
Community development	3.3
Other purposes	<u>2.5</u>
Total County facilities	43.4
Public Schools facilities	128.7
Park Authorities facilities	<u>23.1</u>
Total bonds issued for new projects	\$ <u>195.2</u>

In June 2003, the EDA issued \$70.8 million of revenue bonds to finance the initial development of the Laurel Hill area of the southern part of the County. The County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on the bonds.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2003 and 2002:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
General obligation bonds issued for:						
County facilities	\$ 299.8	285.6	\$ -	-	\$ 299.8	285.6
Public Schools facilities	954.2	895.7	-	-	954.2	895.7
Park Authority facilities	104.9	90.8	-	-	104.9	90.8
Washington Metropolitan Area Transit Authority	55.5	58.9	-	-	55.5	58.9
Northern Virginia Regional Park Authority	9.1	7.7	-	-	9.1	7.7
Commonwealth of Virginia (roads)	153.6	180.9	-	-	153.6	180.9
Revenue bonds	173.5	106.7	-	-	173.5	106.7
Sewer revenue bonds	-	-	474.3	484.5	474.3	484.5
Capital leases and other	49.0	51.8	-	-	49.0	51.8
Total County outstanding debt	\$ 1,799.6	1,678.1	\$ 474.3	484.5	\$ 2,273.9	2,162.6

Additional information related to the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2004:

- The percentage change in real property assessed value for fiscal year 2004 was 12.48 percent, as compared to 15.14 percent in fiscal year 2003.
- During fiscal year 2003, the median sales prices of new and existing single family housing units experienced double digit growth over fiscal year 2002 sales prices.
- Nonresidential real property values decreased 2.94 percent in fiscal year 2003, representing the first loss in value since fiscal year 1996.
- The average unemployment rate in the County for fiscal year 2003 was 2.66 percent as compared to 3.00 percent in fiscal year 2002.
- Sales tax receipts for fiscal year 2003 were 1.2 percent higher than fiscal year 2002 receipts.

The Fiscal Year 2004 Adopted Budget includes revenues of \$2,558.9 million, a 4.75 percent increase over the fiscal year 2003 level. Increases in real property taxes drive nearly the entire increase in budgeted revenues; real property tax revenues account for 99.5 percent of the increase in total General Fund revenues in fiscal year 2004. In contrast, nearly all other revenue categories combined are projected to remain consistent with fiscal year 2003. These categories, made up primarily of personal property, other local taxes, and interest earnings, are much more reactive to changing economic conditions. As a result, revenue from real property taxes makes up 58.4 percent of total revenues, up from 56.7 percent in the Fiscal Year 2003 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$2,559.8 million, a 2.77 percent increase over the fiscal year 2003 level. For fiscal year 2004, the County is providing the highest percentage of County revenues in 21 years – more than 53 percent of its total General Fund budget – to Public Schools. County funding for Public Schools is \$1.36 billion, which supports operating costs, school construction, and debt service.

The County has added no major new programs or initiatives to the fiscal year 2004 budget. The County's commitment to programs such as public safety, health and welfare, community development, public works, and parks, recreation, and cultural activities remains strong.

The Board approved the following tax rate and fee adjustments for fiscal year 2004 as a result of the economic indicators discussed above:

- The Board decreased the real property tax rate from \$1.21 per \$100 of assessed value to \$1.16. This five-cent reduction results in a decrease to budgeted revenues of \$65.0 million.
- The Sewer Service Charge rate increased from \$2.95 to \$3.03 per 1,000 gallons of water consumption for fiscal year 2004 to help cover operating expenses. Also, sewer availability fees increased by 3.5 percent.

Pressures on the County budget due to growth in population and school membership, State aid reductions, and the additional resources required to keep our communities safe continue to be a challenge for the County in light of the constraints of declining revenue growth. For the third consecutive year, in response to these pressures, the Board of Supervisors directed all County departments to prepare a list of potential expenditure reductions in County programs and a description of their impact. While departments identified potential reductions, the Board selected those options that would minimize the impact to citizens. The Board approved fiscal year 2004 reductions totaling \$51.3 million. These reductions impact 90 percent of County agencies and include the elimination of 124 County positions.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of Fairfax, Virginia, Department of Finance, 12000 Government Center Parkway, Fairfax, Virginia, 22035. This report can also be found on the County's website at www.fairfaxcounty.gov.



Basic Financial Statements

The Basic Financial Statements subsection includes the government-wide statements, which incorporate government and business activities of the County of Fairfax and activities of component units in order to provide an overview of the financial position and results of operations for the reporting entity as a whole. This subsection also includes the fund financial statements of the County and the accompanying notes to the financial statements.



COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2003

	Primary Government		Total
	Governmental Activities	Business-Type Activities	Primary Government
ASSETS			
Equity in pooled cash and temporary investments	\$ 693,718,244	79,253,749	772,971,993
Cash in banks	-	-	-
Investments	-	22,998,597	22,998,597
Receivables (net of allowances):			
Accounts	24,531,053	-	24,531,053
Accrued interest	654,976	61,091	716,067
Property taxes:			
Delinquent	19,492,398	-	19,492,398
Not yet due	1,704,872,746	-	1,704,872,746
Business license taxes - delinquent	2,151,125	-	2,151,125
Loans	15,530,000	-	15,530,000
Notes	4,960,234	-	4,960,234
Other	15,152	-	15,152
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Delinquent	6,507,178	-	6,507,178
Not yet due	176,163,000	-	176,163,000
Other	40,497,443	19,093,271	59,590,714
Due from primary government	-	-	-
Due from component units	1,765,166	-	1,765,166
Interfund receivables	168,664	(168,664)	-
Inventories of supplies	3,021,255	327,813	3,349,068
Other assets	1,581,400	1,549	1,582,949
Restricted assets:			
Equity in pooled cash and temporary investments	41,871,927	140,853,415	182,725,342
Cash with fiscal agents	1,737,032	-	1,737,032
Certificates of deposit - performance bonds	821,199	-	821,199
Investments	76,326,342	24,767,970	101,094,312
Land held for sale	-	-	-
Capital assets:			
Non-depreciable:			
Land	327,546,804	17,511,358	345,058,162
Construction in progress	21,741,560	128,723,901	150,465,461
Depreciable:			
Equipment	223,426,139	9,951,322	233,377,461
Library collections	39,451,246	-	39,451,246
Purchased capacity	-	568,080,954	568,080,954
Buildings and improvements	785,439,035	749,795,061	1,535,234,096
Infrastructure	415,525,167	-	415,525,167
Accumulated depreciation	(458,710,126)	(316,660,990)	(775,371,116)
Accumulated amortization	-	(53,575,391)	(53,575,391)
Deferred bond issuance costs (net of amortization)	1,743,105	1,044,849	2,787,954
Total assets	\$ 4,172,549,464	1,392,059,855	5,564,609,319

See accompanying notes to the financial statements.

EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
			ASSETS
290,846,269	-	1,063,818,262	Equity in pooled cash and temporary investments
7,057,118	-	7,057,118	Cash in banks
-	-	22,998,597	Investments
			Receivables (net of allowances):
12,253,343	-	36,784,396	Accounts
76,768	-	792,835	Accrued interest
			Property taxes:
-	-	19,492,398	Delinquent
-	-	1,704,872,746	Not yet due
-	-	2,151,125	Business license taxes - delinquent
		15,530,000	Loans
8,295,701	-	13,255,935	Notes
462,918	-	478,070	Other
			Due from intergovernmental units (net of allowances):
			Property tax relief:
-	-	6,507,178	Delinquent
-	-	176,163,000	Not yet due
30,799,528	-	90,390,242	Other
6,730,339	-	6,730,339	Due from primary government
-	-	1,765,166	Due from component units
-	-	-	Interfund receivables
4,563,916	-	7,912,984	Inventories of supplies
618,716	-	2,201,665	Other assets
			Restricted assets:
15,225,912	-	197,951,254	Equity in pooled cash and temporary investments
10,145,396	-	11,882,428	Cash with fiscal agents
652,676	-	1,473,875	Certificates of deposit - performance bonds
18,015,174	-	119,109,486	Investments
2,595,172	-	2,595,172	Land held for sale
			Capital assets:
			Non-depreciable:
331,133,123	-	676,191,285	Land
309,594,921	-	460,060,382	Construction in progress
			Depreciable:
152,484,434	-	385,861,895	Equipment
24,385,069	-	63,836,315	Library collections
-	-	568,080,954	Purchased capacity
1,904,795,887	-	3,440,029,983	Buildings and improvements
-	-	415,525,167	Infrastructure
(780,680,207)	-	(1,556,051,323)	Accumulated depreciation
-	-	(53,575,391)	Accumulated amortization
478,298	-	3,266,252	Deferred bond issuance costs (net of amortization)
2,350,530,471	-	7,915,139,790	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
June 30, 2003

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
LIABILITIES			
Accounts payable and accrued liabilities	\$ 46,758,918	6,441,861	53,200,779
Accrued salaries and benefits	28,142,846	659,991	28,802,837
Contract retainages	2,610,056	3,737,361	6,347,417
Accrued interest payable	9,545,799	4,462,321	14,008,120
Due to primary government	-	-	-
Due to component units	1,866,247	-	1,866,247
Matured bond principal and interest payable	174,455	-	174,455
Deferred revenue:			
Property taxes not yet due	1,905,968,500	-	1,905,968,500
Other	31,155,471	-	31,155,471
Performance and other deposits	73,063,597	-	73,063,597
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	136,011,870	-	136,011,870
Revenue bonds payable, net	4,553,476	11,777,985	16,331,461
Notes payable	-	-	-
Compensated absences payable	47,010,116	1,149,396	48,159,512
Landfill closure and postclosure obligation	25,357,048	-	25,357,048
Obligations under capital leases	8,234,068	-	8,234,068
Insurance and benefit claims payable	14,721,454	-	14,721,454
Other	2,842,789	-	2,842,789
Portion due or payable after one year:			
General obligation bonds payable, net	1,464,798,886	-	1,464,798,886
Revenue bonds payable, net	173,692,445	461,633,057	635,325,502
Notes payable	-	-	-
Compensated absences payable	28,812,652	704,468	29,517,120
Landfill closure and postclosure obligation	37,379,250	-	37,379,250
Obligations under capital leases	37,904,218	-	37,904,218
Insurance and benefit claims payable	13,618,677	-	13,618,677
Other	7,841,477	-	7,841,477
Total liabilities	4,102,064,315	490,566,440	4,592,630,755
NET ASSETS			
Invested in capital assets, net of related debt	932,499,218	651,624,011	1,584,123,229
Restricted for:			
Grant programs	5,976,956	-	5,976,956
Sewer improvements and nitrification facilities	-	134,216,343	134,216,343
Repair and replacement	-	-	-
Community centers	5,152,731	-	5,152,731
Housing	-	-	-
Capital projects	18,200,000	-	18,200,000
Debt service	-	10,196,204	10,196,204
Unrestricted (deficit)	(891,343,756)	105,456,857	(785,886,899)
Total net assets	\$ 70,485,149	901,493,415	971,978,564

See accompanying notes to the financial statements.

EXHIBIT A

concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
LIABILITIES			
49,554,037	-	102,754,816	Accounts payable and accrued liabilities
75,249,165	-	104,052,002	Accrued salaries and benefits
9,973,632	-	16,321,049	Contract retainages
521,250	-	14,529,370	Accrued interest payable
1,765,166	-	1,765,166	Due to primary government
-	-	1,866,247	Due to component units
-	-	174,455	Matured bond principal and interest payable
-	-		Deferred revenue:
-	-	1,905,968,500	Property taxes not yet due
12,014,572	-	43,170,043	Other
1,345,858	-	74,409,455	Performance and other deposits
Long-term liabilities:			
Portion due or payable within one year:			
-	-	136,011,870	General obligation bonds payable, net
790,154	-	17,121,615	Revenue bonds payable, net
24,806,356	-	24,806,356	Notes payable
17,314,095	-	65,473,607	Compensated absences payable
-	-	25,357,048	Landfill closure and postclosure obligation
9,647,165	-	17,881,233	Obligations under capital leases
21,400,318	-	36,121,772	Insurance and benefit claims payable
133,945	-	2,976,734	Other
Portion due or payable after one year:			
-	-	1,464,798,886	General obligation bonds payable, net
24,025,202	-	659,350,704	Revenue bonds payable, net
56,277,744	-	56,277,744	Notes payable
11,014,536	-	40,531,656	Compensated absences payable
-	-	37,379,250	Landfill closure and postclosure obligation
18,331,888	-	56,236,106	Obligations under capital leases
10,741,077	-	24,359,754	Insurance and benefit claims payable
17,074,839	-	24,916,316	Other
361,980,999	-	4,954,611,754	Total liabilities
NET ASSETS			
1,840,784,373	(1,044,623,708)	2,380,283,894	Invested in capital assets, net of related debt
Restricted for:			
-	-	5,976,956	Grant programs
-	-	134,216,343	Sewer improvements and nitrification facilities
700,000	-	700,000	Repair and replacement
-	-	5,152,731	Community centers
10,821,684	-	10,821,684	Housing
14,525,912	(14,525,912)	18,200,000	Capital projects
1,058,230	-	11,254,434	Debt service
120,659,273	1,059,149,620	393,921,994	Unrestricted (deficit)
1,988,549,472	-	2,960,528,036	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2003

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 118,511,161	5,112,194	1,941,377	-
Judicial administration	35,243,062	15,968,676	20,762,866	-
Public safety	414,698,922	34,072,120	35,205,772	2,540,565
Public works	132,457,898	66,543,218	9,687,204	14,673,013
Health and welfare	383,744,665	43,281,914	129,981,338	-
Community development	134,530,817	29,420,854	5,210,353	12,345,534
Parks, recreation, and cultural	118,518,084	6,051,431	1,142,845	-
Education - for Public Schools	1,308,402,963	-	-	3,051,984
Interest on long-term debt	81,994,507	-	-	-
Total governmental activities	2,728,102,079	200,450,407	203,931,755	32,611,096
Business-type activities:				
Public works - Sewer	126,953,197	108,149,558	-	7,244,852
Total business-type activities	126,953,197	108,149,558	-	7,244,852
Total primary government	2,855,055,276	308,599,965	203,931,755	39,855,948
Component units:				
Public Schools	1,658,519,296	77,510,685	102,397,834	4,681,750
Redevelopment and Housing Authority	63,365,305	19,058,739	37,604,475	3,012,835
Park Authority	63,500,701	27,165,350	-	92,797
Economic Development Authority	7,035,177	-	-	-
Total component units	\$ 1,792,420,479	123,734,774	140,002,309	7,787,382

General revenues:

Taxes:

Real property

Personal property

Business licenses

Local sales and use

Consumers utility

Motor vehicle decals

Recordation

Occupancy, tobacco, and other

Grants and contributions not restricted

to specific programs

Revenue from the use of money and property

Share of Commonwealth's lottery proceeds

Revenue from primary government

Other

Special item - gain on sale of land

Total general revenues and special item

Change in net assets

Net assets, July 1, 2002

Net assets, June 30, 2003

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Total	Functions/Programs
Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	
(111,457,590)	-	(111,457,590)	-	Primary government:
1,488,480	-	1,488,480	-	Governmental activities:
(342,880,465)	-	(342,880,465)	-	General government administration
(41,554,463)	-	(41,554,463)	-	Judicial administration
(210,481,413)	-	(210,481,413)	-	Public safety
(87,554,076)	-	(87,554,076)	-	Public works
(111,323,808)	-	(111,323,808)	-	Health and welfare
(1,305,350,979)	-	(1,305,350,979)	-	Community development
(81,994,507)	-	(81,994,507)	-	Parks, recreation, and cultural
(2,291,108,821)	-	(2,291,108,821)	-	Education - for Public Schools
				Interest on long-term debt
				Total governmental activities
-	(11,558,787)	(11,558,787)	-	Business-type activities:
-	(11,558,787)	(11,558,787)	-	Public works - Sewer
(2,291,108,821)	(11,558,787)	(2,302,667,608)	-	Total business-type activities
				Total primary government
				Component units:
-	-	-	(1,473,929,027)	Public Schools
-	-	-	(3,689,256)	Redevelopment and Housing Authority
-	-	-	(36,242,554)	Park Authority
-	-	-	(7,035,177)	Economic Development Authority
-	-	-	(1,520,896,014)	Total component units
				General revenues:
				Taxes:
1,396,210,347	-	1,396,210,347	-	Real property
273,447,219	-	273,447,219	-	Personal property
94,744,725	-	94,744,725	-	Business licenses
143,641,853	-	143,641,853	-	Local sales and use
85,892,727	-	85,892,727	-	Consumers utility
19,052,623	-	19,052,623	-	Motor vehicle decals
27,044,633	-	27,044,633	-	Recordation
17,788,607	-	17,788,607	-	Occupancy, tobacco, and other
197,619,418	-	197,619,418	281,543,994	Grants and contributions not restricted to specific programs
21,841,712	4,365,535	26,207,247	1,226,913	Revenue from the use of money and property
-	-	-	4,773,038	Share of Commonwealth's lottery proceeds
-	-	-	1,362,783,747	Revenue from primary government
-	-	-	9,666,618	Other
17,560,640	-	17,560,640	-	Special item - gain on sale of land
2,294,844,504	4,365,535	2,299,210,039	1,659,994,310	Total general revenues and special item
3,735,683	(7,193,252)	(3,457,569)	139,098,296	Change in net assets
66,749,466	908,686,667	975,436,133	1,849,451,176	Net assets, July 1, 2002
\$ 70,485,149	901,493,415	971,978,564	1,988,549,472	Net assets, June 30, 2003

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2003

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 254,375,448	358,682,305	613,057,753
Receivables (net of allowances):			
Accounts	13,296,926	11,095,215	24,392,141
Accrued interest	354,009	290,306	644,315
Property taxes:			
Delinquent	19,492,398	-	19,492,398
Not yet due	1,704,872,746	-	1,704,872,746
Business license taxes - delinquent	2,151,125	-	2,151,125
Loans	-	15,530,000	15,530,000
Notes	-	4,960,234	4,960,234
Due from intergovernmental units (net of allowances):			
Property tax relief:			
Delinquent	6,507,178	-	6,507,178
Not yet due	176,163,000	-	176,163,000
Other	25,561,939	14,935,504	40,497,443
Due from component units	173,463	1,591,703	1,765,166
Interfund receivables	3,658,653	-	3,658,653
Inventories of supplies	1,420,320	-	1,420,320
Other assets	53,900	47,771	101,671
Restricted assets:			
Equity in pooled cash and temporary investments	-	41,871,927	41,871,927
Cash with fiscal agents	584,032	966,000	1,550,032
Certificates of deposit - performance bonds	821,199	-	821,199
Investments	-	76,326,342	76,326,342
Total assets	\$ 2,209,486,336	526,297,307	2,735,783,643
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 26,425,211	16,256,815	42,682,026
Accrued salaries and benefits	22,920,261	4,468,058	27,388,319
Contract retainages	-	2,610,056	2,610,056
Accrued interest payable	-	1,028,167	1,028,167
Due to component units	1,771,310	94,937	1,866,247
Interfund payables	-	3,583,846	3,583,846
Matured bond principal and interest payable	-	174,455	174,455
Deferred revenue:			
Property taxes not yet due	1,905,968,500	-	1,905,968,500
Other	36,249,111	33,422,341	69,671,452
Performance and other deposits	62,694,830	10,368,767	73,063,597
Total liabilities	2,056,029,223	72,007,442	2,128,036,665
Fund balances:			
Reserved for:			
Encumbrances	19,032,301	43,501,693	62,533,994
Inventories of supplies	1,420,320	-	1,420,320
Long-term receivables	-	20,490,234	20,490,234
Certain capital projects	-	103,220,585	103,220,585
Unreserved, reported in:			
General fund	133,004,492	-	133,004,492
Special revenue funds	-	181,380,468	181,380,468
Debt service funds	-	16,897,074	16,897,074
Capital projects funds	-	88,799,811	88,799,811
Total fund balances	153,457,113	454,289,865	607,746,978
Total liabilities and fund balances	\$ 2,209,486,336	526,297,307	2,735,783,643
See accompanying notes to the financial statements.			continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2003

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 607,746,978

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable assets:		
Land	\$ 325,608,116	
Construction in progress	21,741,560	
Depreciable assets:		
Equipment	161,821,164	
Library collections	39,451,246	
Buildings and improvements	769,836,885	
Infrastructure	415,525,167	
Total capital assets	1,733,984,138	
Less accumulated depreciation	(412,297,905)	1,321,686,233

Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 24,685,111	
Business license	2,156,644	
Sales and use taxes	11,202,423	
Other	471,803	38,515,981

Other long-term assets are not available to pay for current period expenditures and therefore, are not reported in the funds. 1,478,423

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. 1,743,105

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Assets:		
Current assets	\$ 82,898,394	
Capital assets	79,145,813	
Less accumulated depreciation	(46,412,221)	
Liabilities	(36,025,203)	79,606,783

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds payable, net	\$ (1,600,810,756)	
Revenue bonds payable, net	(178,245,921)	
Compensated absences payable	(73,159,195)	
Landfill closure and postclosure obligation	(62,736,298)	
Obligations under capital leases	(46,138,286)	
Other	(10,684,266)	
Accrued interest on long-term debt	(8,517,632)	(1,980,292,354)

Net assets of governmental activities \$ 70,485,149

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2003

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,041,189,079	13,595,615	2,054,784,694
Permits, privilege fees, and regulatory licenses	27,781,451	10,843,786	38,625,237
Intergovernmental	322,110,298	93,649,463	415,759,761
Charges for services	40,647,654	116,956,434	157,604,088
Fines and forfeitures	11,059,673	6,200	11,065,873
Developers' contributions	-	5,758,057	5,758,057
Revenue from the use of money and property	21,462,491	3,873,664	25,336,155
Recovered costs	5,273,489	7,207,526	12,481,015
Local matching grants	-	7,597,376	7,597,376
Gifts, donations, and contributions	920,120	294,383	1,214,503
Total revenues	2,470,444,255	259,782,504	2,730,226,759
EXPENDITURES			
Current:			
General government administration	94,946,860	13,965,809	108,912,669
Judicial administration	32,445,476	1,642,065	34,087,541
Public safety	374,718,524	30,875,394	405,593,918
Public works	58,241,853	98,889,251	157,131,104
Health and welfare	237,431,727	143,083,415	380,515,142
Community development	49,793,866	72,271,160	122,065,026
Parks, recreation, and cultural	72,052,471	37,467,072	109,519,543
Education - for Public Schools	1,168,875,267	138,097,076	1,306,972,343
Capital outlay:			
General government administration	241,482	2,194,716	2,436,198
Judicial administration	6,997	411,944	418,941
Public safety	2,734,567	20,820,903	23,555,470
Public works	206,676	3,846,477	4,053,153
Health and welfare	78,573	1,603,049	1,681,622
Community development	21,407	9,912,626	9,934,033
Parks, recreation, and cultural	6,153,375	4,578,204	10,731,579
Education - for Public Schools	-	1,873,190	1,873,190
Debt service:			
Principal retirement	929,360	139,634,724	140,564,084
Interest and other charges	233,385	81,716,065	81,949,450
Total expenditures	2,099,111,866	802,883,140	2,901,995,006
Excess (deficiency) of revenues over (under) expenditures	371,332,389	(543,100,636)	(171,768,247)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,925,732	351,542,120	355,467,852
Transfers out	(349,294,037)	(6,373,815)	(355,667,852)
General obligation bonds issued	-	206,884,788	206,884,788
Lease revenue bonds issued	-	75,625,920	75,625,920
Capital leases	487,929	1,077,364	1,565,293
Refunding bonds issued	-	183,893,333	183,893,333
Payments to refunded bond escrow agent	-	(183,541,600)	(183,541,600)
Total other financing sources (uses)	(344,880,376)	629,108,110	284,227,734
SPECIAL ITEM			
Proceeds from the sale of land	-	18,200,000	18,200,000
Net change in fund balances	26,452,013	104,207,474	130,659,487
Fund balances, July 1, 2002	126,793,442	350,082,391	476,875,833
Increase in reserve for inventories of supplies	211,658	-	211,658
Fund balances, June 30, 2003	\$ 153,457,113	454,289,865	607,746,978

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT A-3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities

concluded

Governmental Funds

For the fiscal year ended June 30, 2003

Net change in fund balances - Total governmental funds	\$	130,659,487
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Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$	54,684,186	
Less depreciation expense		<u>(54,276,383)</u>	407,803

In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.	(6,702,888)
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	17,568,039
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Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:

Delinquent taxes:			
Property	\$	2,062,788	
Business license		(262,260)	
Sales and use taxes and other taxes		1,237,512	
Recovery from contractor		(2,000,000)	
Other		<u>89,798</u>	1,127,838

The issuance of long-term debt is reported as financing sources in the governmental funds and thus, increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The following were issued:

Series 2003A Refunding Bonds	\$	(183,893,333)	
Series 2003B General Obligation Bonds		(206,884,788)	
EDA Lease Revenue Bonds - Laurel Hill Projects		(75,625,920)	
Principal amounts of new capital leases		<u>(1,565,293)</u>	(467,969,334)

The net amount of costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.	913,112
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Repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal repayments of matured bonds and loans	\$	134,179,425	
Payment to escrow agent to refund bonds, less			
\$1,307,225 reported as interest expense		182,234,375	
Principal payments of capital leases		<u>6,384,659</u>	322,798,459

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This timing difference in interest reporting is as follows:

Accrued interest on bonds and loans	\$	(166,906)	
Accrued interest on capital leases		118,358	
Other		<u>307,806</u>	259,258

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Landfill closure and postclosure costs	\$	3,033,434	
Compensated absences		(3,010,289)	
Other		<u>(1,700,380)</u>	(1,677,235)

Internal service funds are used by management to provide certain goods and services to governmental funds.

The change in net assets is reported with governmental activities.	<u>6,351,144</u>
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Change in net assets of governmental activities	<u>\$</u>	<u>3,735,683</u>
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COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 79,253,749	80,660,491
Investments	19,298,597	-
Accounts receivable	-	138,912
Accrued interest receivable	61,091	10,661
Due from intergovernmental units (net of allowance)	19,093,271	-
Interfund receivables	-	299,089
Inventories of supplies	327,813	1,600,935
Other assets	1,549	1,306
Total current assets	118,036,070	82,711,394
Noncurrent assets:		
Restricted assets:		
Equity in pooled cash and temporary investments	140,853,415	-
Cash with fiscal agents	-	187,000
Investments	24,767,970	-
Total restricted assets	165,621,385	187,000
Capital assets:		
Land	17,511,358	1,938,688
Construction in progress	128,723,901	-
Equipment	9,951,322	61,604,975
Purchased capacity	568,080,954	-
Buildings and improvements	749,795,061	15,602,150
Accumulated depreciation	(316,660,990)	(46,412,221)
Accumulated amortization	(53,575,391)	-
Total capital assets, net	1,103,826,215	32,733,592
Other noncurrent assets:		
Investments	3,700,000	-
Deferred bond issuance costs (net of amortization)	1,044,849	-
Total other noncurrent assets	4,744,849	-
Total noncurrent assets	1,274,192,449	32,920,592
Total assets	\$ 1,392,228,519	115,631,986

See accompanying notes to the financial statements.

EXHIBIT A-4

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,441,861	4,076,892
Accrued salaries and benefits	659,991	754,527
Contract retainages	3,737,361	-
Interfund payables	168,664	190,080
Accrued interest payable	4,462,321	-
Revenue bonds payable, net	11,777,985	-
Compensated absences payable	1,149,396	1,651,415
Insurance and benefit claims payable	-	14,721,454
Total current liabilities	28,397,579	21,394,368
Noncurrent liabilities:		
Revenue bonds payable, net	461,633,057	-
Compensated absences payable	704,468	1,012,158
Insurance and benefit claims payable	-	13,618,677
Total noncurrent liabilities	462,337,525	14,630,835
Total liabilities	490,735,104	36,025,203
NET ASSETS		
Invested in capital assets, net of related debt	651,624,011	32,733,592
Restricted for:		
Sewer improvements and nitrification facilities	134,216,343	-
Debt service	10,196,204	-
Unrestricted	105,456,857	46,873,191
Total net assets	\$ 901,493,415	79,606,783

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2003

EXHIBIT A-5

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Sales of services	\$ 81,506,869	-
Charges for services	-	140,333,558
Other	-	172,504
Total operating revenues	81,506,869	140,506,062
OPERATING EXPENSES:		
Personnel services	18,666,356	21,123,809
Materials and supplies	11,649,401	3,029,100
Equipment operation and maintenance	-	31,622,292
Risk financing and benefit payments	-	63,467,509
Depreciation and amortization	32,043,471	9,209,347
Professional consultant and contractual services	40,262,876	6,396,452
Other	-	142,696
Total operating expenses	102,622,104	134,991,205
Operating income (loss)	(21,115,235)	5,514,857
NONOPERATING REVENUES (EXPENSES):		
Availability fees	26,642,689	-
Intergovernmental revenue	481,255	-
Interest revenue	4,319,270	382,669
Interest expense	(24,251,996)	-
Amortization expense for bond issuance costs	(79,097)	-
Gain on disposal of capital assets	46,265	253,618
Total nonoperating revenues (expenses)	7,158,386	636,287
Income (loss) before contributions and transfers	(13,956,849)	6,151,144
Capital contributions	6,763,597	-
Transfers in	-	1,900,000
Transfers out	-	(1,700,000)
Change in net assets	(7,193,252)	6,351,144
Total net assets, July 1, 2002	908,686,667	73,255,639
Total net assets, June 30, 2003	\$ 901,493,415	79,606,783

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2003

EXHIBIT A-6

	Business-Type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 81,044,506	-
Receipts from interfund services provided	-	140,567,144
Payments to suppliers and contractors	(50,555,642)	(14,244,248)
Payments to employees	(18,535,324)	(21,008,575)
Claims and benefits paid	-	(60,776,340)
Payments for interfund services used	-	(25,349,452)
Net cash provided by operating activities	11,953,540	19,188,529
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment of loan to General Fund	-	(630,809)
Transfers to other funds	-	(1,700,000)
Transfers from other funds	-	1,900,000
Net cash used by noncapital financing activities	-	(430,809)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	26,642,689	-
Intergovernmental revenue received	481,255	-
Principal payments on sewer revenue bonds	(10,249,204)	-
Interest payments on sewer revenue bonds	(23,457,465)	-
Proceeds from sale of capital assets	49,604	780,541
Purchase of capital assets, other than purchased capacity	(14,368,789)	(9,237,271)
Acquisition of purchased capacity	(30,215,213)	-
Net cash used by capital and related financing activities	(51,117,123)	(8,456,730)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of restricted investments (net)	(954,652)	-
Purchases of investments (net)	(1,069,000)	-
Interest received	4,370,577	387,907
Net cash provided by investing activities	2,346,925	387,907
Net increase (decrease) in cash and cash equivalents	(36,816,658)	10,688,897
Cash and cash equivalents, July 1, 2002	256,923,822	69,971,594
Cash and cash equivalents, June 30, 2003	\$ 220,107,164	80,660,491
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (21,115,235)	5,514,857
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	32,043,471	9,209,347
Change in assets and liabilities:		
Decrease in accounts receivable	-	172,538
(Increase) in intergovernmental receivables	(460,815)	-
(Increase) in interfund receivables	-	(111,452)
Decrease in inventories of supplies	175,095	834,302
(Increase) in other assets	(1,549)	(1,081)
Increase in accounts payable and accrued liabilities	1,223,247	3,437,121
Increase in accrued salaries and benefits	89,326	86,633
Increase in interfund payables	-	46,264
Total adjustments to operating income (loss)	33,068,775	13,673,672
Net cash provided by operating activities	\$ 11,953,540	19,188,529
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines and manholes	\$ 6,763,597	-
Increase in fair value of investments	353,957	-
See accompanying notes to the financial statements.		

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Assets
June 30, 2003

EXHIBIT A-7

	Pension Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 10,185,689	2,528,980
Cash collateral for securities lending	230,557,553	-
Accounts receivable	2,279,307	76,225
Accrued interest and dividends receivable	12,263,652	793
Receivable from sale of pension investments	67,179,361	-
Investments, at fair value	3,073,812,051	38,225,793
Equipment	-	2,273,200
Total assets	3,396,277,613	\$ 43,104,991
LIABILITIES		
Accounts payable and accrued liabilities	4,630,680	139,909
Accrued salaries and benefits	46,730	-
Payable for purchase of pension investments	131,666,204	-
Liabilities for collateral received under securities lending agreements	230,557,553	-
Liabilities under reimbursement agreements	-	41,952,139
Interfund payable	10,800	4,352
Obligations under capital leases	-	1,008,591
Total liabilities	366,911,967	\$ 43,104,991
NET ASSETS		
Held in trust for pension benefits	\$ 3,029,365,646	

(A schedule of funding progress is presented on page 90.)

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Plan Net Assets
Pension Trust Funds
For the fiscal year ended June 30, 2003

EXHIBIT A-8

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 67,934,751
Plan members	41,887,319
Total contributions	<u>109,822,070</u>
Investment income:	
From investment activities:	
Net appreciation in fair value of investments	55,534,960
Interest	75,664,963
Dividends	27,707,560
Total income from investment activities	<u>158,907,483</u>
Less investment activities expenses:	
Management fees	11,905,221
Other	1,350,316
Total investment activities expenses	<u>13,255,537</u>
Net income from investment activities	<u>145,651,946</u>
From securities lending activities:	
Securities lending income	<u>3,028,684</u>
Less securities lending expenses:	
Borrower rebates	2,156,843
Management fees	258,289
Total securities lending activities expenses	<u>2,415,132</u>
Net income from securities lending activities	<u>613,552</u>
Net investment income	<u>146,265,498</u>
Total additions	<u>256,087,568</u>
DEDUCTIONS	
Benefits	129,109,755
Refunds of contributions	4,210,215
Administrative expenses	1,279,581
Total deductions	<u>134,599,551</u>
Net increase	121,488,017
Net assets, July 1, 2002	<u>2,907,877,629</u>
Net assets, June 30, 2003	<u>\$ 3,029,365,646</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2003

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	\$ 255,490,249	20,147,838	15,208,182
Cash in banks	-	7,057,118	-
Receivables (net of allowances):			
Accounts	252,529	11,955,680	45,134
Accrued interest	42,131	30,655	3,982
Notes	-	8,295,701	-
Other	-	462,918	-
Due from intergovernmental units	30,799,528	-	-
Due from primary government	5,035,364	-	1,503,003
Inventories of supplies	4,563,916	-	-
Other assets	-	618,716	-
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	15,225,912
Cash with fiscal agents	-	10,145,396	-
Certificates of deposit - performance bonds	-	652,676	-
Investments	-	190,148	17,825,026
Land held for sale	-	2,595,172	-
Capital assets:			
Non-depreciable:			
Land	46,818,517	31,963,418	252,351,188
Construction in progress	291,484,223	2,674,619	15,436,079
Depreciable:			
Equipment	137,821,169	2,689,740	11,959,963
Library collections	24,385,069	-	-
Buildings and improvements	1,574,799,966	148,731,021	181,264,900
Accumulated depreciation	(611,742,783)	(67,625,003)	(101,305,726)
Deferred bond issuance costs (net of amortization)	-	-	478,298
Total assets	\$ 1,759,749,878	180,585,813	409,995,941

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
ASSETS		
-	290,846,269	Equity in pooled cash and temporary investments
-	7,057,118	Cash in banks
		Receivables (net of allowances):
-	12,253,343	Accounts
-	76,768	Accrued interest
-	8,295,701	Notes
-	462,918	Other
-	30,799,528	Due from intergovernmental units
191,972	6,730,339	Due from primary government
-	4,563,916	Inventories of supplies
-	618,716	Other assets
		Restricted assets:
-	15,225,912	Equity in pooled cash and temporary investments
-	10,145,396	Cash with fiscal agents
-	652,676	Certificates of deposit - performance bonds
-	18,015,174	Investments
-	2,595,172	Land held for sale
		Capital assets:
		Non-depreciable:
-	331,133,123	Land
-	309,594,921	Construction in progress
		Depreciable:
13,562	152,484,434	Equipment
-	24,385,069	Library collections
-	1,904,795,887	Buildings and improvements
(6,695)	(780,680,207)	Accumulated depreciation
-	478,298	Deferred bond issuance costs (net of amortization)
198,839	2,350,530,471	Total assets

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Assets
Component Units
June 30, 2003

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 37,530,983	9,255,392	2,680,691
Accrued salaries and benefits	72,949,174	318,288	1,876,702
Contract retainages	9,696,960	-	276,672
Accrued interest payable	-	-	521,250
Due to primary government	-	1,656,679	108,487
Deferred revenue	5,155,085	1,093,747	5,765,740
Performance and other deposits	115,290	1,101,004	129,564
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	315,114	475,040
Notes payable	-	10,363,616	14,442,740
Compensated absences payable	14,568,816	392,233	2,248,439
Obligations under capital leases	9,647,165	-	-
Insurance and benefit claims payable	21,400,318	-	-
Other	-	133,945	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	12,204,566	11,820,636
Notes payable	-	56,277,744	-
Compensated absences payable	8,929,274	441,550	1,612,023
Obligations under capital leases	18,331,888	-	-
Insurance and benefit claims payable	10,741,077	-	-
Other	-	1,544,839	15,530,000
Total liabilities	209,066,030	95,098,717	57,487,984
NET ASSETS			
Invested in capital assets, net of related debt	1,447,692,187	59,046,522	334,038,797
Restricted for:			
Repair and replacement	-	-	700,000
Housing	-	10,821,684	-
Capital projects	-	-	14,525,912
Debt service	-	-	1,058,230
Unrestricted (deficit)	102,991,661	15,618,890	2,185,018
Total net assets	\$ 1,550,683,848	85,487,096	352,507,957

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
LIABILITIES		
86,971	49,554,037	Accounts payable and accrued liabilities
105,001	75,249,165	Accrued salaries and benefits
-	9,973,632	Contract retainages
-	521,250	Accrued interest payable
-	1,765,166	Due to primary government
-	12,014,572	Deferred revenue
-	1,345,858	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	790,154	Revenue bonds payable, net
-	24,806,356	Notes payable
104,607	17,314,095	Compensated absences payable
-	9,647,165	Obligations under capital leases
-	21,400,318	Insurance and benefit claims payable
-	133,945	Other
		Portion due or payable after one year:
-	24,025,202	Revenue bonds payable, net
-	56,277,744	Notes payable
31,689	11,014,536	Compensated absences payable
-	18,331,888	Obligations under capital leases
-	10,741,077	Insurance and benefit claims payable
-	17,074,839	Other
328,268	361,980,999	Total liabilities
NET ASSETS		
6,867	1,840,784,373	Invested in capital assets, net of related debt
		Restricted for:
-	700,000	Repair and replacement
-	10,821,684	Housing
-	14,525,912	Capital projects
-	1,058,230	Debt service
(136,296)	120,659,273	Unrestricted (deficit)
(129,429)	1,988,549,472	Total net assets

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 1,658,519,296	77,510,685	102,397,834	4,681,750
Redevelopment and Housing Authority:				
Community development	63,365,305	19,058,739	37,604,475	3,012,835
Park Authority:				
Parks, recreation, and cultural	63,500,701	27,600,350	-	92,797
Economic Development Authority:				
Community development	7,035,177	-	-	-
Total component units	\$ 1,792,420,479	124,169,774	140,002,309	7,787,382

General revenues:

Grants and contributions not restricted to specific programs

Revenue from the use of money and property

Share of Commonwealth's lottery proceeds

Revenue from primary government

Other

Total general revenues

Change in net assets

Net assets, July 1, 2002

Net assets, June 30, 2003

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Assets				
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(1,473,929,027)	-	-	-	(1,473,929,027)
-	(3,689,256)	-	-	(3,689,256)
-	-	(35,807,554)	-	(35,807,554)
-	-	-	(7,035,177)	(7,035,177)
(1,473,929,027)	(3,689,256)	(35,807,554)	(7,035,177)	(1,520,461,014)
274,938,165	-	6,170,829	-	281,108,994
467,350	560,240	199,323	-	1,226,913
4,773,038	-	-	-	4,773,038
1,303,653,903	-	52,096,923	7,032,921	1,362,783,747
7,141,029	2,525,589	-	-	9,666,618
1,590,973,485	3,085,829	58,467,075	7,032,921	1,659,559,310
117,044,458	(603,427)	22,659,521	(2,256)	139,098,296
1,433,639,390	86,090,523	329,848,436	(127,173)	1,849,451,176
\$ 1,550,683,848	85,487,096	352,507,957	(129,429)	1,988,549,472



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Fairfax, Virginia, (the County) is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors (the Board), which makes policies for the administration of the County. The Board is comprised of ten members: the Chairman, elected at large for a four-year term, and one member from each of nine supervisor districts, elected for a four-year term by the voters of the district in which the member resides. The Board appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board, carries out the policies established by the Board, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

1. Reporting Entity

As required by GAAP, the accompanying financial statements present the financial data of the County (the primary government) and its component units. The financial data of the component units are included in the County's basic financial statements because of the significance of their operational or financial relationships with the County. The County and its component units are together referred to herein as the reporting entity.

Blended Component Units

Blended component units are entities that are legally separate from the County but that are so closely related to the County that they are, in essence, extensions of the County. The blended component units that are reported as part of the primary government are:

Solid Waste Authority of Fairfax County (SWA) - The SWA is considered a blended component unit because the Board of Supervisors comprises the Board of Directors of the SWA and has the ability to impose its will on the SWA. The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board on June 29, 1987. The SWA has financed the construction of a solid waste to energy facility, which is contractually owned and operated by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. Certain assets of the commercial entity are reported by the SWA in an agency fund, the Resource Recovery Fund.

The County has assumed the responsibility for the management oversight of the arrangement between the SWA and the commercial entity and for providing sufficient solid waste to result in a financially viable operation; this activity is reported in a special revenue fund of the County, the Energy Resource Recovery Facility Fund. Separate financial statements are not prepared for the SWA.

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the McLean Community Center Fund, because it is governed by the Board, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District One.

Small District Five - The Board of Supervisors created Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, in 1975 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the Reston Community Center Fund, because it is governed by the Board, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District Five.

Discretely Presented Component Units

The columns for the component units in the financial statements include the financial data of the County's other component units. They are presented in separate columns to emphasize that they are legally separate from the County. Separate financial statements of the component units can be obtained by writing to the Financial Reporting Division, Department of Finance, 12000 Government Center Parkway, Suite 214, Fairfax, Virginia 22035. All of the component units have a fiscal year end of June 30. The discretely presented component units are:

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County; Public Schools operations are funded primarily by the County's General Fund and the County issues general obligation debt for Public Schools' capital projects.

Fairfax County Redevelopment and Housing Authority (FCRHA) - FCRHA plans, coordinates, and directs the low income housing programs within the County under the Virginia Housing Authorities Law. FCRHA was approved by a voter referendum in November 1965 and was activated by the Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The Board appoints FCRHA's Board of Commissioners, and the County provides certain managerial and related financial assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's governing board, and the County provides funding for the Park Authority's General Fund and one of its capital projects funds. A memorandum of understanding currently in effect between the County and the Park Authority defines the roles of the County and the Park Authority.

Fairfax County Economic Development Authority (EDA) - The EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by resolutions of the Board of Supervisors. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA also operates the Fairfax County Convention and Visitors Bureau, established to attract business travelers, meetings, and conventions to the

County. The Board appoints the seven members of the EDA's commission which appoints the EDA's executive director. The Board appropriates funds annually to the EDA for operating expenditures incurred in carrying out its mission.

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of the Fairfax County Water Authority (FCWA) and the Industrial Development Authority of Fairfax County (IDAF), but the County's accountability does not extend beyond making the appointments. The IDAF does not have a significant operational or financial relationship with the County. The FCWA bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2003, the FCWA collected approximately \$63 million on behalf of the County, and as of June 30, 2003, the County has receivables of approximately \$13.4 million due from the FCWA.

Joint Venture

The County is a participant in the Upper Occoquan Sewage Authority (UOSA). UOSA is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to construct, finance, and operate the regional sewage treatment facility in the upper portion of the Occoquan Watershed. UOSA was formed on March 3, 1971, by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-member board of directors consisting of two members from each participating jurisdiction appointed to four-year terms. The UOSA Board of Directors adopts an annual operating budget based on projected sewage flows. The County has no explicit and measurable interest in UOSA but does have an ongoing financial responsibility for its share of UOSA's operating costs, construction costs and annual debt service. Complete financial statements of UOSA can be obtained by writing to UOSA, P.O. Box 918, Centreville, Virginia 20122.

2. Basis of Presentation

Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double-counting of interfund activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each activity of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular activity. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major fund types:

General Fund - The General Fund is the County's primary operating fund, and it is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds.

Enterprise Fund - The Fairfax County Integrated Sewer System (Sewer System) is the only enterprise fund of the County. This fund is used to account for the financing, construction, and operations of the countywide sewer system.

The County reports the following nonmajor governmental fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, the general obligation debt service of the County and for the debt service of the lease revenue bonds and special assessment debt. Included in this fund type is the School Debt Service Fund as the County is responsible for servicing the general obligation debt it has issued on behalf of Public Schools.

Capital Projects Funds - The capital projects funds are used to account for financial resources used for all general construction projects other than enterprise fund construction.

The County reports the following additional fund types:

Internal Service Funds - These funds are proprietary funds used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, supplies, document services, and technology infrastructure support that are provided to County departments on a cost reimbursement basis.

Pension Trust Funds - These are fiduciary funds used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans – the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System.

Agency Funds - These are fiduciary funds used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide, proprietary, and pension trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds also use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. For the pension trust funds, both member and employer contributions to each plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

In preparing the financial statements of the enterprise fund, the County has not elected to apply the option provided in Paragraph 7 of GASB Statement No. 20 titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." Therefore, the reporting entity has applied all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer System and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The primary revenues susceptible to accrual include property, business license, and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt and certain other general long-term obligations, such as compensated absences and landfill closure and postclosure care costs, are recognized only to the extent they have matured. General capital asset acquisitions are reported as capital outlays in

governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources. The effect of interfund activity has not been eliminated from the governmental fund financial statements.

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. The component units also invest in the pooled cash account. As of June 30, 2003, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund's or unit's equity in the pooled account. In accordance with the County's legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund.

For the year ended June 30, 2003, interest earned by certain funds assigned directly to the County's General Fund is as follows:

<u>Primary Government</u>	
Nonmajor Governmental Funds	\$ 4,300,968
Internal Service Funds	480,764
Total primary government	4,781,732
<u>Component Units</u>	
Public Schools	2,277,458
FCRHA	33,441
Park Authority	17,545
Total component units	2,328,444
Total reporting entity	\$ 7,110,176

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

6. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment purchases and sales are recorded as of the trade date. These transactions are finalized on the settlement date, which is usually the trade date, but could be as many as three business days after the trade date. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets and as related liabilities for collateral received.

7. Derivatives

The County Retirement Systems (the Systems), which include the Employees' (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. The Systems may invest in various derivative instruments on a limited basis in order to increase potential earnings and to hedge against potential losses. During fiscal year 2003, the Systems invested in the following derivative instruments that were not reported in the financial statements as of June 30, 2003: futures contracts, interest rate swaps, options on futures and swaps, and credit spread swaps (spread locks). As of June 30, 2003, the PORS did not have any investments in derivative instruments that were not reported in the financial statements.

An exchange-traded financial futures contract is a legally-binding agreement to buy or sell a financial instrument in a designated future month at a price agreed upon by the buyer and seller at initiation of the contract. Futures contracts provide a means to achieve exposures to the market in a more efficient way and at lower transaction costs. The ERS entered into futures contracts in May and June 2003 with maturity dates of July and September 2003. At June 30, 2003, the ERS had futures contracts with notional and fair market values in S&P 500 and Russell 2000 of \$125.2 million; foreign equity of \$28.6 million; foreign currency of \$26.5 million; U. S. Treasury of negative \$41.3 million; and Hang Seng of \$1.4 million. The URS entered into futures contracts in May and June 2003, with maturity dates of March and June 2005. At June 30, 2003, the URS had futures contracts with the notional value of \$46.0 million and fair market value of \$11.2 million. The ERFC entered into futures contracts from August 2002 to June 2003 with maturity dates ranging from September 2003 to April 2005. At June 30, 2003, the ERFC had futures contracts with the notional and fair market values, respectively, in money market futures of \$49.0 million and \$15.7 million; government swap futures of negative \$1.0 million and negative \$1.2 million; government futures of negative \$5.7 million and negative \$5.2 million; and interest rate futures of negative \$32.9 million and negative \$37.5 million. The market and interest rate risks of holding exchange traded futures contracts arise from adverse changes in market prices and interest rates. These risks are equivalent to holding exposure to the indexes. Counterparty credit risk is modest because the futures clearinghouse becomes the counterparty to all transactions.

An interest rate swap is a binding agreement between counterparties to exchange periodic interest payments on some predetermined dollar principal, which is called the notional principal amount. Interest rate swaps are used as risk-neutral substitutes for physical securities or to obtain non-leveraged exposure in markets where no physical securities are available, such as an interest rate index. The effective date of the swaps for the ERS was June 2003, with a maturity date of June 2004. Payments occur in July and October 2003 and January and April 2004. At June 30, 2003, the notional amount of interest rate swaps for the ERS totaled \$51.5 million, and the fair market value totaled negative \$219,274. The effective dates of the swaps for the URS range from March to June 2003, with maturity dates from March 2005 to June 2008. At June 30, 2003, the notional amount of interest rate swaps for the URS totaled \$17.7 million, and the fair market value totaled \$101,537. The counterparty credit risk is controlled by the System's investment guidelines and limited by periodic resets to mark-to-market. The market risk is equivalent to holding the exposure to the index.

An option is a financial instrument that, in exchange for the option price, gives the option buyer the right, but not the obligation, to buy (or sell) a financial asset at the exercise price from (or to) the option seller within a specified time period or on a specified date (expiration date). Options are used to manage interest rate and volatility exposure of the portfolio. The URS had options that were written between January and June 2003, bearing maturities from August to December 2003. Options held in the portfolio at June 30, 2003, had a notional value of negative \$22.7 million and a fair market value of negative \$234,926. The ERFC had options that were written in January 2002,

bearing a maturity date of April 1, 2005. Options held at June 30, 2003, had a notional value of \$3.0 million and a fair market value of \$0. Options can cause the effective duration of a portfolio to change with movements in interest rates. To control interest rate risk, the duration change potential of options over a wide range of best and worst case interest rate scenarios is monitored.

A credit spread swap (spread lock) is a swap used to adjust exposure to specific sectors and risks in a portfolio by the most effective means possible. Spread locks are used to reduce risk, enhance portfolio management flexibility, and gain exposure to the interest rate differential between two market rates. PIMCO, on behalf of the URS, has entered into agreements to pay fixed amounts ranging from 12.25 basis points to 13.25 basis points over the reference 20-year U. S. Treasury bond. The spread locks agreements existing at June 30, 2003, were written on April 30, 2003, and matured on August 13, 2003. In addition, there was a mutual collateral agreement which each party could exercise if the market value of the swap exceeded \$250,000. The notional value of the spread locks on June 30, 2003, was \$5.9 million, while the fair market value totaled \$29,602. Counterparty risk is limited by restricting eligible counterparties to the highest credit rating organizations in the industry. Risk is also limited to the exchange of net-interest payments, not the instrument's underlying notional value.

8. Inventories

The purchases method of accounting for inventories is used in the governmental funds. Under this method, the cost is recorded as an expenditure at the time individual items are purchased. At year end, a portion of the fund balance is reserved for the ending balances. This reserve is maintained to indicate that a portion of the fund balance is not available for future appropriations. Inventories are valued and carried on an average unit cost basis.

The consumption method of accounting for inventories is used in the proprietary fund types. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply.

9. Restricted Assets

Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Unspent amounts from the issuance of general obligation bonds are reported as restricted assets in the County's capital projects funds. The County also holds certificates of deposit purchased by developers under the terms of performance agreements. The County may require a developer to enter into these agreements in order to ensure that certain structures and improvements are completed according to approved site plans. The certificates, issued by various financial institutions, are released to the developer when the terms of the agreement have been satisfied. If the terms of the agreement are not satisfied, the County uses the proceeds from the certificates to correct or complete the project as necessary. The amount of the certificates held is reported as a restricted asset in the General Fund.

In accordance with the provisions of the 1985 General Bond Resolution, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Additionally, the State Water Control Board (SWCB) regulations require the removal of ammonia-nitrogen from the discharges from the County's Noman M. Cole, Jr. Pollution Control Plant and the Alexandria and Arlington County Wastewater Treatment Plants. Certain assets are restricted to fund the construction of nitrogen removal facilities.

As of June 30, 2003, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Extensions and improvements	\$ 119,216,343
Nitrogen removal facilities	15,000,000
Long-term debt service requirements	21,208,838
Current debt service requirements	10,196,204
Total restricted assets	<u>\$ 165,621,385</u>

In accordance with requirements of the U. S. Department of Housing and Urban Development and the Virginia Housing Development Authority, the FCRHA is required to maintain certain restricted deposits and funded reserves for repairs and replacements.

The Park Authority has restricted assets representing the amount of the debt service reserve requirement pertaining to its outstanding revenue bonds, unspent amounts from general obligation bonds issued by the County, and loan amounts received from the County for certain capital improvements.

10. Capital Assets

Capital assets, including land, buildings, improvements, equipment, library collections, purchased capacity, and infrastructure, that individually cost \$5,000 or more, with useful lives greater than one year are reported in the proprietary funds and applicable governmental or business-type activities columns in the government-wide financial statements. The County has capitalized general infrastructure assets, including solid waste disposal facilities, storm water management facilities, public drainage systems, mass transportation facilities, commercial revitalization improvements, and public trails and walkways that were acquired or substantially improved subsequent to July 1, 1980. The County does not capitalize roads and bridges as these belong to the Commonwealth of Virginia.

Purchased capacity consists of payments made by the Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, Alexandria Sanitation Authority (ASA), Arlington County, and Prince William County Service Authority (PWCSA) for the Sewer System's allocated share of improvements to certain specified treatment facilities owned and operated by these jurisdictions.

Purchased capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value as of the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are shown in the table on the right.

Capital Assets	Useful Lives
Infrastructure	10 - 100 years
Sewer lines	50 years
Buildings	30 - 50 years
Purchased capacity	30 years
Improvements	10 - 30 years
Equipment	5 - 15 years
Library collections	5 years

No depreciation is taken in the year of acquisition for infrastructure and library collections; depreciation/amortization on other capital assets commences when the assets are purchased or are substantially complete and ready for use. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use, including interest on related debt with respect to the Sewer System, are initially capitalized as construction in progress and are transferred to buildings or improvements when the assets are substantially complete and ready for use.

11. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours at the end of the calendar year is forfeited.

The current pay rate, including certain additional employer-related fringe benefits, is used to calculate compensated absences accruals at June 30. The entire liability for compensated absences is reported in the government-wide and proprietary fund statements, whereas, only the matured portion resulting from employee resignations and retirements is reported in the governmental fund statements.

12. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; Restricted net assets; and Unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. Net assets which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

The County issues debt to finance the construction of school facilities for the Public Schools and park facilities for the Park Authority component units because Public Schools does not have borrowing or taxing authority and the Park Authority does not have taxing authority. The County reports this debt, whereas the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, in the Statement of Net Assets (Exhibit A), the debt reduces *unrestricted net assets* for the primary government, while the capital assets are reported in *net assets invested in capital assets, net of related debt* and the unspent bond proceeds are reported in *restricted net assets* for Public Schools and the Park Authority.

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,059.1 million is reclassified as shown below to present the total reporting entity column of Exhibit A:

Net Assets (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:		Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	
Invested in capital assets, net of related debt	\$1,584,123,229	1,840,784,373	(954,217,364)	(90,406,344)	2,380,283,894
Restricted for:					
Capital projects	18,200,000	14,525,912	-	(14,525,912)	18,200,000
Other	155,542,234	12,579,914	-	-	168,122,148
Unrestricted	(785,886,899)	120,659,273	954,217,364	104,932,256	393,921,994
Total net assets	\$ 971,978,564	1,988,549,472	-	-	2,960,528,036

13. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances for the capital projects funds do not lapse until the completion of the projects and are reported as reservations of fund balance at year end. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board.

14. Designations of Unreserved Fund Balances

Unreserved fund balances as of June 30, 2003, have the following significant designations:

Designation	Amount
<u>Primary Government</u>	
General Fund:	
Revenue stabilization during periods of economic downturn	\$ 29,253,999
Emergency needs and loss of revenue sources through actions of other governments	49,814,959
Nonmajor Governmental Funds:	
Landfill closure and postclosure costs	62,736,298
Solid waste disposal	12,422,388
Total primary government	\$ 154,227,644
<u>Component Unit - Park Authority</u>	
E.C. Lawrence Park expenditures	\$ 1,600,000

15. Recovered Costs

Reimbursements from another government, organization, or private company for utilities, tuition fees, vehicle insurance, and services rendered or provided to citizens are recorded as recovered costs in the fund financial statements.

16. Intermunicipal Agreements

The Sewer System has entered into several intermunicipal agreements for the purpose of sharing sewage flow and treatment facility costs (see Note J). The payments made to reimburse operating costs and debt service requirements are recorded as expenses in the year due. Payments made to fund the Sewer System's portion of facility expansion and upgrade costs are capitalized as purchased capacity (see Note F). The Sewer System amortizes these costs over the period in which benefits are expected to be derived, which is generally 30 years.

The City of Fairfax (the City) makes payments to the County for the City's share of certain governmental services and debt service costs. Payments for governmental services such as court, jail, custody, health, library, and County agent services are recorded as revenue in the General Fund. Debt service payments represent the City's share of principal and interest and are recorded as revenue in the County Debt Service Fund. In addition, the City pays the County a share of the local portion of all public assistance payments and services including related administrative costs, which is recorded as revenue in the General Fund. The City of Falls Church makes payments to the County

for the full cost of the local portion of public assistance payments (including allocated administrative costs) and for the use of special County health facilities by Falls Church residents. These payments are recorded as revenue in the General Fund.

The County and the cities of Fairfax and Falls Church comprise the Fairfax-Falls Church Community Services Board (CSB), established under State mandate in 1969, to provide mental health, mental retardation and drug and alcohol abuse treatment services to residents of the three jurisdictions. The CSB uses the County as its fiscal agent. The operations of the CSB, including payments received from these cities for services performed by the County, are reported in a special revenue fund.

17. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

1. Deposits

At June 30, 2003, all of the reporting entity's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

A summary of the reporting entity's public deposits at June 30, 2003, is as follows:

	Carrying Value	Bank Balance
Primary government	\$ 137,107,651	160,992,485
Component units	67,783,200	90,317,500
Total reporting entity	\$ 204,890,851	251,309,985

The bank balance includes the pooled cash account which, for reporting purposes, has been allocated between the primary government and the participating component units. The differences between carrying values and bank balances generally result from checks outstanding and deposits in transit at June 30, 2003.

2. Allowed Investments

Except for its pension funds, under the Virginia Investment of Public Funds Act, the reporting entity is authorized to purchase the following investments:

- Commercial paper
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- U. S. Treasury and agency securities
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local government units located within other states
- Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth that complies with the Act

The reporting entity's investment policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market value of the securities underlying repurchase agreements is monitored on a daily basis during the year by the reporting entity to ensure compliance with the policy.

3. Pension Fund Investments

The authority to establish pension funds is set forth in the Code of Virginia (the Code), which authorizes the following investments for pension funds:

- U. S. Treasury and agency securities
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local governmental units located within other states
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank

In addition, the Code provides that the reporting entity may purchase other investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in the Code.

Boards of Trustees' policies permit the pension funds to lend their securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The pension funds' custodians are the agents in lending the pension funds' domestic and international securities for collateral of 102 and 105 percent, respectively, of the market value of the related security. The custodians receive cash, securities and irrevocable bank letters as collateral. All securities loans can be terminated on demand by either the pension funds or the borrowers. Cash collateral is invested in the lending agents' collective collateral investment pools. The pension funds do not have the ability to pledge or sell securities received as collateral in the absence of borrower default. The relationship between the maturities of the investment pools and the pension funds' loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pools, which the pension funds cannot determine.

The pension funds did not impose any restrictions during the period on the amounts of loans the lending agents made on their behalf, and the agents have agreed to indemnify the pension funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension funds had no credit risk exposure to borrowers because the amounts the pension funds owed the borrower exceeded the amounts the borrowers owed the pension funds.

4. Custodial Credit Risk Categories

The reporting entity's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity as of June 30, 2003. Category 1 includes investments that are insured or registered, or securities held by the reporting entity or its agent in the reporting entity's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's trust department or agent in the reporting entity's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the reporting entity's name. Securities lent for securities and irrevocable letters of credit collateral are classified according to the category of the collateral received. All of the reporting entity's investments are Category 1 investments, except for mutual funds, short-term investment funds, securities lending short-term collateral investment pools, and investments held under securities loans with cash collateral, which are not categorized because such investments are not evidenced by specific securities.

5. Investments at June 30, 2003

The reporting entity's investments as of June 30, 2003, are summarized below at carrying value:

INVESTMENTS AT JUNE 30, 2003	
Primary Government	
Pooled Investments:	
Bankers acceptances	\$ 175,775,264
Commercial paper	305,259,412
U. S. Treasury securities	265,034,271
Mutual funds	62,171,541
Repurchase agreements	25,622,096
Total pooled investments	<u>\$ 833,862,584</u>

INVESTMENTS AT JUNE 30, 2003 (continued)

Nonmajor Governmental Fund - Money market funds	\$ 76,326,342
Enterprise Fund - Integrated Sewer System:	
Mutual funds and short-term investments	828,575
Repurchase agreements	7,513,527
U. S. Treasury securities	16,712,970
Obligations of authorities of the Commonwealth of Virginia	22,711,495
Total enterprise fund - Integrated Sewer System	47,766,567
Agency Funds:	
Mutual funds and short-term investments	6,501,889
Repurchase agreements	4,603,884
U. S. Treasury securities	27,120,020
Total agency funds	38,225,793
Pension Trust Funds:	
<i>Uncategorized Investments:</i>	
Mutual funds and short-term investments	920,246,611
Securities lending short-term collateral investment pool	230,557,553
Investments held by broker-dealers under securities loans with cash collateral:	
Short-term investments	12,729,740
Common and preferred stock	48,889,711
U. S. Treasury securities	93,432,509
Asset-backed securities	9,904,512
Other bonds and notes	42,192,971
<i>Category 1 Investments:</i>	
Short-term investments:	
Time deposits	24,000,000
Repurchase agreements	87,325,230
Asset-backed securities	40,484,231
Government bonds	13,387,642
Corporate bonds	26,771,380
Common and preferred stock:	
Not on securities loan	1,121,343,491
On loan for securities collateral	4,963,167
U. S. Treasury securities:	
Not on securities loan	17,880,460
On loan for securities collateral	8,105,381
Asset-backed securities:	
Not on securities loan	373,689,760
On loan for securities collateral	661,185
Other bonds and notes - Not on securities loan	227,804,070
Total pension trust funds	3,304,369,604
Total primary government	\$ 4,300,550,890

INVESTMENTS AT JUNE 30, 2003 (continued)**Component Units****Pooled Investments:**

Bankers acceptances	\$ 57,477,690
Commercial paper	99,818,400
U. S. Treasury securities	86,664,967
Mutual funds	20,329,803
Repurchase agreements	8,378,306
Total pooled investments	272,669,166

FCRHA - Repurchase agreements

190,148

Park Authority - Money market funds

17,825,026

Public Schools - Pension Trust Fund:*Uncategorized Investments:*

Mutual funds	252,618,665
Money market funds	38,800,659
Securities lending short-term collateral investment pool	130,776,104
Investments held by broker-dealers under securities loans with cash collateral:	
Short-term investments	1,113,628
Common stock	37,529,192
U. S. Treasury securities	50,271,357
Asset-backed securities	12,967,473
Other bonds and notes	22,522,904

Category 1 Investments:

Short-term investments:

Commercial paper	36,199,394
Asset-backed securities	1,026,815
Corporate bonds	16,923,585

Common stock:

Not on securities loan	595,749,596
On loan for securities collateral	1,108,469
Preferred stock	1,322,256

U. S. Treasury securities:

Not on securities loan	8,263,351
On loan for securities collateral	2,359,176

Asset-backed securities 156,644,450

Other bonds and notes 166,259,332

Total Public Schools - Pension trust fund

1,532,456,406

Total component units

\$ 1,823,140,746

Reconciliation of the Statements of Net Assets to Total Deposits and Investments	Primary Government			Component Units		
	Governmental and Business-Type Activities (Exhibit A)	Fiduciary Funds (Exhibit A-7)	Total Primary Government	Component Units (Exhibit A)	Fiduciary Funds (Exhibit J-7)	Total Component Units
Equity in pooled cash and temporary investments	\$ 772,971,993	12,714,669	785,686,662	290,846,269	290,890	291,137,159
Cash in banks	-	-	-	7,057,118	-	7,057,118
Cash with fiscal agents	-	-	-	-	1,607,669	1,607,669
Cash in student activity funds	-	-	-	-	14,626,436	14,626,436
Cash collateral for securities lending	-	230,557,553	230,557,553	-	130,776,104	130,776,104
Investments	22,998,597	3,112,037,844	3,135,036,441	-	1,401,680,302	1,401,680,302
Restricted Assets:						
Equity in pooled cash and temporary investments	182,725,342	-	182,725,342	15,225,912	-	15,225,912
Cash with fiscal agents	1,737,032	-	1,737,032	10,145,396	-	10,145,396
Certificates of deposit - performance bonds	821,199	-	821,199	652,676	-	652,676
Investments	101,094,312	-	101,094,312	18,015,174	-	18,015,174
Total cash and investments	\$ 1,082,348,475	3,355,310,066	4,437,658,541	341,942,545	1,548,981,401	1,890,923,946
Total deposits, including performance bonds			137,107,651			67,783,200
Total investments			4,300,550,890			1,823,140,746
Total deposits and investments			\$ 4,437,658,541			1,890,923,946

C. PROPERTY TAXES

Real estate is assessed on January 1 each year at the estimated fair market value of all land and improvements. Real estate taxes are due in equal installments, on July 28 and December 5. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer, and after three years, foreclosure proceedings can be initiated.

Personal property taxes on vehicles and business property are based on the estimated fair market value at January 1 each year. The tax on a vehicle may be prorated for the length of time the vehicle has situs in the County. A declaration form is required to be filed, and there is a ten percent penalty for late filing. Personal property taxes together with vehicle decal fees are due on October 5, with certain exceptions. Delinquency notices are sent before statutory measures, such as the seizure of property and the placing of liens on bank accounts and/or wages, are initiated.

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2003, after allowances for uncollectible amounts, is \$19,492,398, of which \$2,540,308 has been included in tax revenue for fiscal year 2003 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2003 as receivables (net of taxes collected in advance) and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2003; however, these resources, which amount to \$1,905,968,500, will not be available to the County until fiscal year 2004.

The 1998 Virginia General Assembly enacted the Personal Property Tax Relief Act to provide property tax relief, scheduled to be phased in over five years, on the first \$20,000 of value of motor vehicles not used for business purposes. Due to budget constraints, the 2003 Virginia General Assembly has temporarily frozen the tax reduction at 70 percent. The scheduled tax reductions are reflected in the County's invoices to the taxpayers. Following receipt by the County of the reduced tax amounts, the Commonwealth reimburses the County for the tax reductions plus certain administrative costs. For fiscal year 2003, this revenue from the Commonwealth totaled \$195,434,234 and is reported as intergovernmental revenue in the General Fund.

D. RECEIVABLES

Receivables and allowances for uncollectible receivables of the primary government at June 30, 2003, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	Fiduciary Funds	Total Primary Government
Receivables:							
Accounts	\$ 13,296,926	11,376,996	-	138,912	24,812,834	2,355,532	27,168,366
Accrued interest	354,009	290,306	61,091	10,661	716,067	12,264,445	12,980,512
Property taxes:							
Delinquent	45,600,797	-	-	-	45,600,797	-	45,600,797
Not yet due	1,711,432,546	-	-	-	1,711,432,546	-	1,711,432,546
Business license taxes - delinquent	6,505,871	-	-	-	6,505,871	-	6,505,871
Receivable from sale of pension investments	-	-	-	-	-	67,179,361	67,179,361
Loans	-	15,530,000	-	-	15,530,000	-	15,530,000
Notes	-	4,960,234	-	-	4,960,234	-	4,960,234
Other	-	-	-	-	15,152 *	-	15,152
Total receivables	1,777,190,149	32,157,536	61,091	149,573	1,809,573,501	81,799,338	1,891,372,839
Allowances for uncollectibles:							
Accounts receivable	-	(281,781)	-	-	(281,781)	-	(281,781)
Property taxes:							
Delinquent	(26,108,399)	-	-	-	(26,108,399)	-	(26,108,399)
Not yet due	(6,559,800)	-	-	-	(6,559,800)	-	(6,559,800)
Business license taxes - delinquent	(4,354,746)	-	-	-	(4,354,746)	-	(4,354,746)
Total allowances for uncollectibles	(37,022,945)	(281,781)	-	-	(37,304,726)	-	(37,304,726)
Total net receivables	\$1,740,167,204	31,875,755	61,091	149,573	1,772,268,775	81,799,338	1,854,068,113

* The other receivables amount represents the amount due from fiduciary funds on a government-wide basis.

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2003, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2002	\$ 5,332,715	10,577,035	15,909,750
2001	1,278,381	8,918,371	10,196,752
2000	591,352	3,448,022	4,039,374
Prior years	1,943,006	7,274,884	9,217,890
Total delinquent taxes	9,145,454	30,218,312	39,363,766
Penalty and interest			6,237,031
Total delinquent taxes, penalty and interest			45,600,797
Allowances for uncollectibles			(26,108,399)
Net delinquent tax receivables			\$ 19,492,398

Receivables of the component units, excluding fiduciary funds, at June 30, 2003, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	\$ 252,529	11,955,680	45,134	12,253,343
Accrued interest	42,131	30,655	3,982	76,768
Notes	-	10,664,045	-	10,664,045
Other	-	462,918	-	462,918
Total receivables	294,660	23,113,298	49,116	23,457,074
Allowances for uncollectibles	-	(2,368,344)	-	(2,368,344)
Total net receivables	\$ 294,660	20,744,954	49,116	21,088,730

Amounts due to the primary government and component units from other governmental units at June 30, 2003, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	\$ 267,013	9,810,479	218,901	10,296,393	15,971,127
State government:					
Property tax relief:					
Delinquent	16,227,824	-	-	16,227,824	-
Allowance for uncollectibles	(9,720,646)	-	-	(9,720,646)	-
Not yet due	182,099,400	-	-	182,099,400	-
Allowance for uncollectibles	(5,936,400)	-	-	(5,936,400)	-
Other	23,672,138	4,967,069	110,700	28,749,907	14,650,902
Local governments	1,622,788	157,956	18,763,670	20,544,414	177,499
Total intergovernmental units	\$ 208,232,117	14,935,504	19,093,271	242,260,892	30,799,528

E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2003, is as shown on the right.

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 3,658,653	-
Nonmajor Governmental Funds	-	3,583,846
Enterprise Fund	-	168,664
Internal Service Funds	299,089	190,080
Fiduciary Funds	-	15,152
Total primary government	\$ 3,957,742	3,957,742
Component Unit		
Public Schools:		
General Fund	\$ 7,100,000	-
Major Governmental Funds	-	5,000,000
Internal Service Funds	-	2,100,000
Total component units	\$ 7,100,000	7,100,000

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2003, are as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
<u>Component Units</u>	<u>Primary Government</u>	
Public Schools	Government-wide long-term obligation	\$ 4,864,092
Public Schools	General Fund	171,272
Park Authority	General Fund	1,408,066
Park Authority	Nonmajor Governmental Fund	94,937
EDA	General Fund	191,972
Total		\$ 6,730,339
<u>Primary Government</u>	<u>Component Unit</u>	
General Fund	FCRHA	\$ 64,976
Nonmajor Governmental Funds	FCRHA	1,591,703
General Fund	Park Authority	108,487
Total		\$ 1,765,166

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2003, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Primary Government</u>		
General Fund	\$ 3,925,732	349,294,037
Nonmajor Governmental Funds	351,542,120	6,373,815
Internal Service Funds	1,900,000	1,700,000
Total primary government	\$ 357,367,852	357,367,852
<u>Component Unit</u>		
<u>Public Schools:</u>		
General Fund	\$ -	29,153,500
Major Governmental Funds	28,860,258	-
Internal Service Funds	293,242	-
<u>Park Authority:</u>		
Major Governmental Funds	3,163,217	3,163,217
Total component units	\$ 32,316,717	32,316,717

F. CAPITAL ASSETS

Capital assets activity for the primary government for the year ended June 30, 2003, is as follows:

	Balances July 1, 2002	Increases	Decreases	Balances June 30, 2003
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 325,445,841	6,998,307	(4,897,344)	327,546,804
Construction in progress	52,122,448	28,849,776	(59,230,664)	21,741,560
Total capital assets, not being depreciated	377,568,289	35,848,083	(64,128,008)	349,288,364
Capital assets, being depreciated:				
Equipment	213,749,719	23,647,481	(13,971,061)	223,426,139
Library collections	33,458,568	5,992,678	-	39,451,246
Buildings	690,802,643	33,898,023	-	724,700,666
Improvements	58,906,867	1,831,502	-	60,738,369
Infrastructure	376,552,368	38,972,799	-	415,525,167
Total capital assets, being depreciated	1,373,470,165	104,342,483	(13,971,061)	1,463,841,587
Less accumulated depreciation for:				
Equipment	(132,767,591)	(29,302,124)	11,900,961	(150,168,754)
Library collections	(15,190,163)	(5,987,678)	-	(21,177,841)
Buildings	(155,834,851)	(15,943,197)	-	(171,778,048)
Improvements	(23,223,648)	(2,527,144)	-	(25,750,792)
Infrastructure	(80,109,104)	(9,725,587)	-	(89,834,691)
Total accumulated depreciation	(407,125,357)	(63,485,730)	11,900,961	(458,710,126)
Total capital assets, being depreciated, net	966,344,808	40,856,753	(2,070,100)	1,005,131,461
Total capital assets, net - Governmental activities	1,343,913,097	76,704,836	(66,198,108)	1,354,419,825
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	17,346,080	165,278	-	17,511,358
Construction in progress	117,678,608	14,648,472	(3,603,179)	128,723,901
Total capital assets, not being depreciated/amortized	135,024,688	14,813,750	(3,603,179)	146,235,259
Capital assets, being depreciated/amortized:				
Equipment	9,353,179	947,112	(348,969)	9,951,322
Purchased capacity	537,865,741	30,215,213	-	568,080,954
Buildings	55,221,333	-	-	55,221,333
Improvements	685,599,012	8,974,716	-	694,573,728
Total capital assets, being depreciated/amortized	1,288,039,265	40,137,041	(348,969)	1,327,827,337
Less accumulated depreciation/amortization for:				
Equipment	(6,571,343)	(939,245)	345,632	(7,164,956)
Purchased capacity	(39,679,490)	(13,895,901)	-	(53,575,391)
Buildings	(24,270,328)	(1,128,201)	-	(25,398,529)
Improvements	(268,017,381)	(16,080,124)	-	(284,097,505)
Total accumulated depreciation/amortization	(338,538,542)	(32,043,471)	345,632	(370,236,381)
Total capital assets, being depreciated/amortized, net	949,500,723	8,093,570	(3,337)	957,590,956
Total capital assets, net - Business-type activities	1,084,525,411	22,907,320	(3,606,516)	1,103,826,215
Total capital assets, net - Primary government	\$ 2,428,438,508	99,612,156	(69,804,624)	2,458,246,040

Capital assets activity for the component units for the year ended June 30, 2003, is as follows:

	Balances July 1, 2002	Increases	Decreases	Balances June 30, 2003
Component Units				
Public Schools				
Capital assets, not being depreciated:				
Land	\$ 43,410,537	3,407,980	-	46,818,517
Construction in progress	300,848,525	126,489,907	(135,854,209)	291,484,223
Total capital assets, not being depreciated	344,259,062	129,897,887	(135,854,209)	338,302,740
Capital assets, being depreciated:				
Equipment	129,255,868	12,474,731	(3,909,430)	137,821,169
Library collections	20,678,288	3,706,781	-	24,385,069
Buildings	737,127,063	11,243,491	-	748,370,554
Improvements	701,764,145	124,665,267	-	826,429,412
Total capital assets, being depreciated	1,588,825,364	152,090,270	(3,909,430)	1,737,006,204
Less accumulated depreciation for:				
Equipment	(67,004,347)	(13,064,797)	3,235,904	(76,833,240)
Library collections	(9,670,036)	(3,615,363)	-	(13,285,399)
Buildings	(284,196,877)	(14,859,388)	-	(299,056,265)
Improvements	(195,458,480)	(27,109,399)	-	(222,567,879)
Total accumulated depreciation	(556,329,740)	(58,648,947)	3,235,904	(611,742,783)
Total capital assets, being depreciated, net	1,032,495,624	93,441,323	(673,526)	1,125,263,421
Total capital assets, net - Public Schools	1,376,754,686	223,339,210	(136,527,735)	1,463,566,161
FCRHA				
Capital assets, not being depreciated:				
Land	30,098,466	1,921,251	(56,299)	31,963,418
Construction in progress	10,942,126	1,755,325	(10,022,832)	2,674,619
Total capital assets, not being depreciated	41,040,592	3,676,576	(10,079,131)	34,638,037
Capital assets, being depreciated:				
Equipment	2,351,071	338,669	-	2,689,740
Buildings and improvements	146,448,935	2,496,593	(214,507)	148,731,021
Total capital assets, being depreciated	148,800,006	2,835,262	(214,507)	151,420,761
Less accumulated depreciation for:				
Equipment	(2,391,115)	(93,250)	-	(2,484,365)
Buildings and improvements	(60,007,939)	(5,132,699)	-	(65,140,638)
Total accumulated depreciation	(62,399,054)	(5,225,949)	-	(67,625,003)
Total capital assets, being depreciated, net	86,400,952	(2,390,687)	(214,507)	83,795,758
Total capital assets, net - FCRHA	127,441,544	1,285,889	(10,293,638)	118,433,795
Park Authority				
Capital assets, not being depreciated:				
Land	246,872,703	5,478,485	-	252,351,188
Construction in progress	8,305,807	11,469,573	(4,339,301)	15,436,079
Total capital assets, not being depreciated	255,178,510	16,948,058	(4,339,301)	267,787,267
Capital assets, being depreciated:				
Equipment	11,589,747	702,781	(332,565)	11,959,963
Buildings and improvements	176,925,599	4,339,301	-	181,264,900
Total capital assets, being depreciated	188,515,346	5,042,082	(332,565)	193,224,863
Less accumulated depreciation for:				
Equipment	(8,579,216)	(1,163,440)	289,525	(9,453,131)
Buildings and improvements	(86,610,065)	(5,242,530)	-	(91,852,595)
Total accumulated depreciation	(95,189,281)	(6,405,970)	289,525	(101,305,726)
Total capital assets, being depreciated, net	93,326,065	(1,363,888)	(43,040)	91,919,137
Total capital assets, net - Park Authority	348,504,575	15,584,170	(4,382,341)	359,706,404
EDA				
Capital assets, being depreciated - Equipment	7,002	6,560	-	13,562
Less accumulated depreciation - Equipment	(4,201)	(2,494)	-	(6,695)
Total capital assets, net - EDA	2,801	4,066	-	6,867
Total capital assets, net - Component units	\$ 1,852,703,606	240,213,335	(151,203,714)	1,941,713,227

Depreciation and amortization expense for the year ended June 30, 2003, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
<u>Primary Government</u>			
General government administration	\$ 8,420,610	-	-
Judicial administration	1,246,143	-	-
Public safety	9,220,686	-	-
Public works	10,558,238	32,043,471	-
Health and welfare	3,906,827	-	-
Community development	12,755,839	-	-
Parks, recreation, and cultural	8,168,040	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets.	9,209,347	-	-
<u>Component Units</u>			
Public Schools	-	-	58,648,947
FCRHA	-	-	5,225,949
Park Authority	-	-	6,405,970
EDA	-	-	2,494
Total depreciation and amortization expense	\$ 63,485,730	32,043,471	70,283,360

G. RETIREMENT PLANS

The reporting entity administers the following four separate public employee retirement systems that provide pension benefits for various classes of employees. In addition, professional employees of Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (VRS).

1. Fairfax County Employees' Retirement System

Plan Description

The Fairfax County Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the ERS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan

Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. The benefit for early retirement is actuarially reduced and payable at early termination.

The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B requires member contributions of 5.33 percent of compensation.

The reporting entity contributes at a contractually fixed rate of 6 percent of annual covered payroll. This rate was established by the Board to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120 percent or falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters.

Annual Pension Cost

For the years ended June 30, 2003, 2002, and 2001, the County's and Public Schools' annual pension costs were equal to their annual required contributions (ARC), as follows:

	Annual Pension Costs for Years Ended June 30		
	2003	2002	2001
County	\$ 26,707,817	22,800,675	21,993,157
Public Schools	9,700,304	8,283,130	7,967,827
Total	<u>\$ 36,408,121</u>	<u>31,083,805</u>	<u>29,960,984</u>

For the year ended June 30, 2003, the actual contributions were \$31,983,708 (\$23,462,211 by the County and \$8,521,497 by Public Schools). For the years ended June 30, 2002 and 2001, the actual contributions were equal to the annual pension costs, respectively.

The ARC for fiscal year 2003 were determined as part of the July 1, 2001, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.3 to 5.4 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of ERS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll on a rolling fifteen-year weighted-average basis. On a weighted-average basis, the remaining amortization period, which is closed as of July 1, 2002, is 15 years.

Concentrations

The ERS does not have investments (other than U. S. Government and U. S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

2. Fairfax County Police Officers Retirement System

Plan Description

The Fairfax County Police Officers Retirement System (PORS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia. The plan covers County police officers who are not covered by other plans of the reporting entity or the VRS and former Park Police officers who elected to transfer to the PORS from the Uniformed Retirement System effective January 22, 1983. Information regarding membership in the PORS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attain the age of 55 or have completed 20 years of creditable service, or (b) if employed on or after July 1, 1981; attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of PORS members are established and may be amended by County ordinances. Member contributions are based on 12.0 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the PORS's funding ratio falls outside of a pre-determined corridor. Once outside the corridor, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the corridor. The corridor for the PORS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2003 employer contribution rate is 17.3 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 2003, the County's annual pension cost of \$14,918,405 was equal to its annual required contributions (ARC), but more than its actual contributions of \$12,923,806, resulting in a net pension obligation (NPO) of \$1,994,599 reported in the statement of net assets. For each of the years ended June 30, 2002 and 2001, the County's annual pension cost of \$15,077,920 and \$17,149,427, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2003, was determined as part of the July 1, 2001, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.5 to 8.0 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the PORS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Any excess of these assets over the actuarial accrued liability is amortized as a level percentage of projected payroll on a fifteen-year basis. On a weighted-average basis, the remaining amortization period, which is closed at July 1, 2002, is 15 years.

Concentrations

The PORS does not have investments (other than U. S. Government and U. S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

3. Fairfax County Uniformed Retirement System

Plan Description

The Fairfax County Uniformed Retirement System (URS) is a single-employer defined benefit pension plan. The plan covers uniformed employees including non-clerical employees of the Fire and Rescue Department and Office of Sheriff, Park Police, Helicopter Pilots, Animal Wardens and Game Wardens who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the URS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

Funding Policy

The contribution requirements of URS members are established and may be amended by County ordinances. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 forward all new hires are enrolled in Plan D. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D requires contributions of 7.08 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the URS's funding ratio falls outside of a pre-determined corridor. Once outside the corridor, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the corridor. The corridor for the URS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2003 employer contribution rate is 21.65 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 2003, the County's annual pension cost of \$21,548,814 was equal to its annual required contributions (ARC), but less than its actual contributions of \$23,027,237, resulting in a negative net pension obligation (NPO) of \$1,478,423 reported as an "other asset" in the statement of net assets. For each of the years ended June 30, 2002 and 2001, the County's annual pension cost of \$18,778,608 and \$18,818,351, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2003, was determined as part of the July 1, 2001, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.1 to 6.1 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of URS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. URS's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on a rolling fifteen-year basis. The weighted average remaining amortization period, which is closed at July 1, 2002, is 15 years.

Concentrations

The URS does not have investments (other than U. S. Government and U. S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Description

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer retirement system established under the Code of Virginia. The ERFC covers all full-time educational and civil service employees who are employed by the Public Schools and who are not covered by other plans of the reporting entity. The ERFC contains two plans, ERFC and ERFC 2001. ERFC is the original defined benefit plan effective July 1, 1973, and remains in effect. It is, however, closed to new members. Effective July 1, 2001, all new-hire full-time educational and civil service employees are enrolled in the ERFC 2001 plan. This new defined benefit plan incorporates a streamlined stand-alone retirement benefit and allows vested (after five years) members to have a one-time irrevocable option of transferring to a new defined contribution plan. The details of the new defined contribution plan are still being developed and will be incorporated into the plan document when finalized.

The ERFC and ERFC 2001 plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Annual post-retirement increases of 3.0 percent are effective each March 31. All benefits vest after five years of creditable service. Benefit provisions are established and may be amended by the Fairfax County Public School Board. The ERFC plan supplements the Virginia Retirement System plan. The benefit structure is designed to provide a level retirement benefit through a combined ERFC/VRS benefit structure. The ERFC 2001 plan has a stand-alone structure. Member contributions for the ERFC and ERFC 2001 plans are made through an arrangement which results in a deferral of taxes on the contributions. Further analysis of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

The ERFC and ERFC 2001 plans provide for 12 categories of benefit payments. Minimum eligibility conditions for receipt of full benefits range from members attaining the age of 55 with 25 years of creditable service to completing five years of creditable service prior to age 65. A description of each of the 12 types of benefits payments is contained in the actuarial valuation at June 30, 2002. Total plan membership for the plans is disclosed in item 6 of this note.

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Springfield, VA 22151.

Funding Policy

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board of Trustees. All members are required to contribute 2.0 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. For fiscal year 2003, Public Schools is required to contribute 4.0 percent of annual covered payroll for educational employees and civil service employees.

Annual Pension Cost

For each of the years ended June 30, 2003, 2002, and 2001, the Public Schools' annual pension cost of \$34,506,630, \$30,849,067, and \$29,145,883, respectively, was equal to its ARC and actual contributions.

The ARC for the year ended June 30, 2003, was determined as part of the June 30, 2001, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent;
- b. projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 4.0 percent; and
- c. post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of assets over the actuarial accrued liability is amortized as a level percentage of projected payroll over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at June 30, 2002, was 30 years.

Concentrations

The ERFC plans do not have investments (other than U. S. Government and U. S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets available for benefits.

5. Virginia Retirement SystemPlan Description

Public Schools contributes to the Virginia Retirement System (VRS) on behalf of covered professional Public Schools employees. VRS is a cost-sharing multiple-employer public employee defined benefit pension plan administered by the Commonwealth of Virginia for its political subdivisions. All full-time, salaried, permanent employees of participating employers must participate in the VRS.

In accordance with the requirements established by State statute, the VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The VRS issues a publicly available annual report that includes financial statements and required supplementary information for the VRS. This report can be obtained by writing to the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

Plan members are required by State statute to contribute 5.0 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 2003 was 3.77 percent of annual creditable compensation. State statute may be amended only by the Commonwealth of Virginia Legislature. Public Schools' contributions to the VRS for the years ended June 30, 2003, 2002, and 2001, were \$33,837,799, \$30,939,858, and \$60,201,616, respectively, equal to the required and actual contributions for each year.

6. Current Plan Membership

At July 1, 2002 (June 30, 2002, for ERFC), the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of:

	Primary Government			Component Unit - Public Schools
	ERS	PORS	URS	ERFC
Retirees and beneficiaries receiving benefits	4,164	657	663	6,375
Terminated employees entitled to, but not yet receiving, benefits	413	9	24	1,362
Active employees	14,185	1,192	1,625	16,074
Total number of plan members	18,762	1,858	2,312	23,811

7. Required Supplementary Information

Pension trend data, including the schedule of funding progress and the schedule of employer contributions, can be found in the required supplementary information section immediately following the notes to the financial statements.

H. RISK MANAGEMENT

The reporting entity is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The County and Public Schools maintain self-insurance internal service funds for workers' compensation claims and certain property and casualty risks and for health insurance benefits. The County and Public Schools believe that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. The FCRHA, Park Authority, and EDA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis.

Liabilities are reported in the self-insurance funds when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Because actual claims liabilities depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims liabilities is reevaluated periodically, to include an annual actuarial study, to take into consideration the history, frequency and severity of recent claims and other economic and social factors. These liabilities are computed using a combination of actual claims experience and actuarially determined amounts and include any specific, incremental claim adjustment expenses and estimated recoveries.

The claims liabilities in the self-insurance funds are discounted at 5.5 percent at June 30, 2003 and 2002, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2003 and 2002 are as shown below.

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2001	\$ 18,804,558	4,192,144	18,960,866	10,039,133
Claims and changes in estimates	7,391,885	42,719,119	2,032,032	113,611,060
Claims payments	(6,799,596)	(40,610,994)	(4,991,539)	(110,564,127)
Liability balances, June 30, 2002	19,396,847	6,300,269	16,001,359	13,086,066
Claims and changes in estimates	9,391,325	46,882,944	6,275,435	128,036,793
Claims payments	(7,543,626)	(46,087,628)	(6,022,257)	(125,236,001)
Liability balances, June 30, 2003	\$ 21,244,546	7,095,585	16,254,537	15,886,858

In addition to the self-insurance program, commercial property insurance is carried for buildings and contents plus certain large and costly items, such as fire apparatus and helicopters. Excess liability and workers' compensation insurance policies are maintained for exposures above a \$1,000,000 self-insured retention. Settled claims have not exceeded any of these commercial coverages in any of the past three fiscal years.

I. LONG-TERM OBLIGATIONS

The following is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2003 (in thousands):

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$1,519,646	366,334	(308,824)	1,577,156	132,620
Premium on bonds payable	5,025	24,444	(494)	28,975	4,178
Deferred amount on refundings	(2,227)	(3,279)	186	(5,320)	(786)
Revenue bonds payable:					
Principal amount of bonds payable	106,650	70,830	(4,030)	173,450	4,240
Premium on bonds payable	-	4,796	-	4,796	314
Compensated absences payable	72,558	48,251	(44,986)	75,823	47,010
Landfill closure and postclosure obligation	65,770	-	(3,034)	62,736	25,357
Obligations under capital leases	50,958	1,565	(6,385)	46,138	8,234
Insurance and benefit claims payable	25,697	56,274	(53,631)	28,340	14,721
Other:					
Obligation to component unit	6,485	-	(1,621)	4,864	1,621
Net pension obligation	-	1,995	-	1,995	-
HUD Section 108 loan	-	2,300	(115)	2,185	115
Obligations for claims and judgments	200	960	(200)	960	960
Special assessment debt with governmental commitment	525	-	(75)	450	75
State Literary Fund loans	320	-	(89)	231	72
Total governmental activities	1,851,607	574,470	(423,298)	2,002,779	238,731
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	484,522	-	(10,249)	474,273	11,842
Discount on bonds payable	(926)	-	64	(862)	(64)
Compensated absences payable	1,673	1,218	(1,037)	1,854	1,149
Total business-type activities	485,269	1,218	(11,222)	475,265	12,927
Total long-term liabilities - Primary government	\$2,336,876	575,688	(434,520)	2,478,044	251,658
Component Units					
Public Schools					
Compensated absences payable	\$ 22,496	1,002	-	23,498	14,569
Obligations under capital leases	27,681	9,927	(9,629)	27,979	9,647
Insurance and benefit claims payable	29,087	134,312	(131,258)	32,141	21,400
Total Public Schools	79,264	145,241	(140,887)	83,618	45,616
FCRHA					
Revenue bonds payable	11,972	859	(311)	12,520	315
Notes payable	67,697	6,871	(7,927)	66,641	10,364
Compensated absences payable	840	376	(382)	834	392
Other - Public housing loans	1,803	-	(124)	1,679	134
Total FCRHA	82,312	8,106	(8,744)	81,674	11,205
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	13,735	-	(505)	13,230	530
Discount on bonds payable	(94)	-	5	(89)	(5)
Deferred amount on refundings	(895)	-	50	(845)	(50)
Revenue notes payable	16,065	16,667	(18,289)	14,443	14,443
Loans payable	-	15,530	-	15,530	-
Compensated absences payable	3,673	2,121	(1,934)	3,860	2,248
Total Park Authority	32,484	34,318	(20,673)	46,129	17,166
EDA					
Compensated absences payable	130	102	(96)	136	105
Total long-term liabilities - Component units	\$ 194,190	187,767	(170,400)	211,557	74,092

Compensated absences payable, obligations under capital leases, obligation to component unit, and obligations for claims and judgments for the primary government are liquidated by the General Fund and other governmental funds. The landfill closure and postclosure obligation will be liquidated by the Energy Resource Recovery Facility Fund, a special revenue fund.

1. General Obligation Bonds

General obligation bonds are issued to provide funding for long-term capital improvements. In addition, they are issued to refund outstanding general obligation bonds when market conditions enable the County to achieve significant reductions in its debt service payments. Such bonds are direct obligations of the County, and the full faith and credit of the County are pledged as security. The County is required to submit to public referendum for authority to issue general obligation bonds.

At June 30, 2003, the amount of general obligation bonds authorized and unissued is summarized as follows (in thousands):

Bond Purpose	Amount
School improvements	\$ 381,750
Transportation improvements	56,660
Parks and park facilities	44,830
Commercial and redevelopment area improvements	17,280
Neighborhood improvements	1,820
Human services facilities	1,185
Storm drainage improvements	3,960
Adult detention facilities	6,520
Public safety facilities	100,450
Juvenile detention facilities	900
Total authorized but unissued bonds	<u>\$ 615,355</u>

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits to provide that the County's net debt may not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of \$1 billion over a five-year period or an average of \$200 million annually, with a maximum of \$225 million in any given year. All self-imposed bond limits have been complied with at June 30, 2003.

On March 5, 2003, the County issued \$171,165,000 of Series 2003A General Obligation Refunding Bonds dated February 1, 2003, with an average coupon interest rate of 4.59 percent. These bonds were issued to currently refund \$10,300,000 of outstanding Series 1993B Bonds, \$132,845,000 of outstanding Series 1993C Bonds, \$15,810,000 of outstanding Series 1994A Bonds, and \$20,000,000 of outstanding Series 1995A Bonds with average coupon interest rates of 5.00, 5.30, 5.26, and 4.99 percent, respectively. Proceeds of \$184,160,351, plus the County's \$2,900,000 total equity contribution, were used to purchase U. S. Government securities which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1993B Bonds on April 10, 2003, the Series 1993C Bonds on May 1, 2003, and the Series 1994A and 1995A Bonds on June 1, 2003. The reacquisition prices exceeded the net carrying amounts of the refunded bonds by \$3,279,375, and this amount is being amortized over the remaining life of the refunded bonds. The County refunded these bonds to reduce its total debt service payments over the next 9 years by approximately \$13.2 million and to obtain an economic gain (the difference between present values of the debt service payments on the old and new debt) of approximately \$12.8 million.

In May 2003, the County issued \$195,170,000 of Series 2003B General Obligation Public Improvement Bonds dated May 15, 2003 to finance projects related to schools improvements, parks and park facilities, public safety facilities, and other purposes.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2003, is contained in Section 4 of this note.

2. Revenue Bonds

In March 1994, the EDA issued \$116,965,000 of lease revenue bonds to finance the County's acquisition of certain land and office buildings adjacent to its main government center. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

In October 1996, the FCRHA issued \$6,390,000 of lease revenue bonds to finance the construction/renovation of two community center buildings. In December 1998, the FCRHA issued \$5,500,000 of lease revenue bonds to finance the renovation and expansion of a third community center building. In May 1999, the FCRHA issued \$1,000,000 of lease revenue bonds to finance the construction of an adult day health care center to serve County residents. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA.

In June 2003, the EDA issued \$70,830,000 of revenue bonds to finance the development and construction of a public high school and a public golf course and related structures, facilities, and equipment in the Laurel Hill area of the southern part of the County. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

None of these revenue bonds nor the related payment responsibilities of the County are general obligation debt of the County, and the full faith and credit of the County is not pledged to these bonds for such payment responsibility. Detailed information regarding the revenue bonds outstanding as of June 30, 2003, is contained in Section 4 of this note.

3. Sewer Revenue Bonds

In May 1993, the Sewer System issued of \$72,100,000 of Series 1993 Sewer Revenue Refunding Bonds, with an average interest rate of 5.39 percent, to advance refund \$64,500,000 of Series 1986 Sewer Revenue Bonds. The Series 1993 Refunding Bonds consist of \$41,220,000 of serial bonds bearing an average interest rate of 4.86 percent, \$22,395,000 of 5.5 percent term bonds due November 15, 2013, and \$8,485,000 of 5.65 percent term bonds due November 15, 2015. The term bonds are subject to mandatory sinking fund redemption in varying amounts over fiscal years 2011 through 2016.

In July 1996, the Sewer System issued \$104,000,000 of Series 1996 Sewer Revenue Bonds with an average interest rate of 5.8 percent to fund the plant expansion of the wastewater treatment facilities at the County's Noman M. Cole, Jr. Pollution Control Plant and other system improvements. These Series 1996 bonds consist of \$24,335,000 of serial bonds bearing an interest rate of 5.625 percent, \$17,705,000 of 5.7 percent term bonds due July 15, 2018, \$23,970,000 of 5.8 percent term bonds due

July 15, 2023, and \$32,465,000 of 5.875 percent term bonds due July 15, 2028. The \$74,140,000 of term bonds are subject to mandatory sinking redemption in varying amounts over fiscal years 2015 through 2029.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board of Supervisors on July 29, 1985, and are payable from and secured by the net revenue generated through the Sewer System's operations. Accordingly, the Master Bond Resolution includes a rate covenant under which the Sewer System agreed that it will charge reasonable rates for the use of and services rendered by the Sewer System. Furthermore, the Sewer System will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements and the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In January 1993, UOSA, a joint venture, issued \$63,310,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to refund earlier bonds. In January 1996, UOSA issued \$288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities from 32 MGD to 54 MGD and \$42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion. The Sewer System's share of this debt is \$240,773,145, and it is subordinate to the sewer revenue bonds issued by the Sewer System.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. The bonds bear interest rates of 4.1 percent per annum and 3.75 percent per annum, respectively, and collectively require semi-annual debt service payments of \$3,318,536. The bonds are subordinated to all outstanding prior bond issues of the Sewer System and payments for operation and maintenance expenses.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2003, is contained in Section 4 of this note.

4. County Debt and Related Interest to Maturity

The County's outstanding general obligation bonds, State Literary Fund loans, revenue bonds, special assessment bonds, HUD Section 108 loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2003, are comprised of the following issues:

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Governmental activities:								
General Obligation Bonds:								
General County:								
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	\$ 2,511-2,514	50,250	32,638	12,252	44,890
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,450	69,000	48,300	18,741	67,041
Series 1998A Public Improvement	4.50-5.00	05-15-98	06-01-18	2,435	48,710	36,532	14,516	51,048
Series 1999A Public Improvement	4.13-5.00	04-01-99	06-01-19	2,710	54,200	43,360	17,097	60,457
Series 1999A Refunding	4.13-5.00	04-01-99	06-01-19	1,267-8,379	76,043	68,178	19,886	88,064
Series 1999B Public Improvement	5.00-5.50	12-01-99	12-01-19	180	3,600	3,060	1,413	4,473
Series 2000A Public Improvement	5.00-5.50	04-01-00	06-01-20	1,900	38,000	32,300	15,098	47,398
Series 2000B Public Improvement	4.25-5.13	12-01-00	12-01-20	110-115	2,250	2,020	879	2,899
Series 2001A Public Improvement	4.25-5.00	06-01-01	06-01-21	2,120	42,400	38,160	16,894	55,054
Series 2001A Refunding	4.25-5.00	06-01-01	06-01-10	3,281-17,009	82,238	81,607	11,850	93,457
Series 2002A Public Improvement	3.50-5.00	06-01-02	06-01-22	3,400	68,000	64,600	30,206	94,806
Series 2002A Refunding	3.50-5.00	06-01-02	06-01-15	1,680-3,421	26,149	23,517	6,722	30,239
Series 2003A Refunding	2.25-5.00	02-01-03	06-01-12	3,650-16,203	82,407	82,407	15,556	97,963
Series 2003B Public Improvement	2.00-5.00	05-15-03	06-01-23	3,315-3,330	66,490	66,490	30,560	97,050
Total general obligation bonds - General County					709,737	623,169	211,670	834,839
Schools:								
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	3,194-3,196	63,900	41,542	15,594	57,136
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,750	75,000	52,500	20,364	72,864
Series 1997B Public Improvement	4.50-5.00	12-01-97	12-01-17	3,000	60,000	45,000	16,688	61,688
Series 1998A Public Improvement	4.50-5.00	05-15-98	06-01-18	1,365	27,290	20,469	8,132	28,601
Series 1999A Public Improvement	4.13-5.00	04-01-99	06-01-19	5,000	100,000	80,000	31,545	111,545
Series 1999A Refunding	4.13-5.00	04-01-99	06-01-19	1,053-6,961	63,172	56,637	16,521	73,158
Series 1999B Public Improvement	5.00-5.50	12-01-99	12-01-19	4,000	80,000	68,000	31,407	99,407
Series 2000A Public Improvement	5.00-5.50	04-01-00	06-01-20	2,500	50,000	42,500	19,868	62,368
Series 2000B Public Improvement	4.25-5.13	12-01-00	12-01-20	2,500	50,000	45,000	19,835	64,835
Series 2001A Public Improvement	4.25-5.00	16-01-01	06-01-21	4,000	80,000	72,000	31,873	103,873
Series 2001A Refunding	4.25-5.00	06-01-01	06-01-10	2,284-11,836	57,227	56,788	8,246	65,034
Series 2002A Public Improvement	3.50-5.00	06-01-02	06-01-22	6,500	130,000	123,500	57,744	181,244
Series 2002A Refunding	3.50-5.00	06-01-02	06-01-15	1,410-4,474	34,786	32,613	10,454	43,067
Series 2003A Refunding	2.25-5.00	02-01-03	06-01-12	3,935-17,447	88,758	88,758	16,757	105,515
Series 2003B Public Improvement	2.00-5.00	05-15-03	06-01-23	6,430-6,435	128,680	128,680	59,194	187,874
Total general obligation bonds - Schools					1,088,813	953,987	364,222	1,318,209
Total general obligation bonds					\$ 1,798,550	1,577,156	575,892	2,153,048

NOTES TO THE FINANCIAL STATEMENTS

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Revenue Bonds:								
EDA Revenue Bonds:								
Series 1994 (Lease Revenue)	5.25-5.50	03-01-94	11-15-18	\$ 3,745-8,550	116,965	92,150	48,248	140,398
Series 2003	2.0-5.0	06-01-03	06-01-33	105-4,240	70,830	70,830	47,705	118,535
FCRHA Lease Revenue Bonds:								
Series 1996	5.10-5.55	09-15-96	06-01-17	255-505	6,390	5,100	2,341	7,441
Series 1998	3.70-4.85	12-01-98	06-01-18	220-390	5,500	4,405	1,784	6,189
Series 1999	4.30-5.38	05-27-99	05-01-29	20-65	1,000	965	835	1,800
Total revenue bonds					200,685	173,450	100,913	274,363
HUD Section 108 Loan	4.15-6.67	07-01-01	08-01-21	115	2,300	2,185	1,289	3,474
Special Assessment Bonds - Small District One of the Dranesville District (McLean Community Center)								
	6.90-7.40	07-01-88	07-01-09	75	1,500	450	98	548
State Literary Fund Loans - Schools:								
Science Lab #1	3.24	04-01-86	04-01-06	64	1,274	192	12	204
Science Lab #2	5.00	10-01-87	10-01-08	8	148	39	7	46
Total State Literary Fund loans					1,422	231	19	250
Total governmental activities					2,004,457	1,753,472	678,211	2,431,683
Business-type activities:								
Sewer Revenue Bonds:								
Series 1993 Refunding	5.00-5.65	05-15-93	11-15-15	3,025-6,505	72,100	58,660	22,453	81,113
UOSA Bonds Subordinated	2.90-6.00	01-12-93	07-01-29	3,431-15,574	240,773	230,100	187,129	417,229
Series 1996 Sewer Improvements	5.63-5.88	07-01-96	07-15-28	1,510-7,300	104,000	98,475	93,184	191,659
Series 2001 Subordinated	4.10	06-01-01	02-01-21	1,401-2,910	40,000	37,919	16,068	53,987
Series 2002 Subordinated	3.75	09-01-02	03-01-22	881-3,538	50,000	49,119	19,999	69,118
Total business-type activities					506,873	474,273	338,833	813,106
Total County bond and loan indebtedness					\$ 2,511,330	2,227,745	1,017,044	3,244,789

Principal and interest to maturity (in thousands) for the County's general obligation bonds, revenue bonds, other bonds and loans, and Sewer System revenue bonds outstanding at June 30, 2003, are as follows:

Fiscal Year	Governmental Activities						Business-Type Activities			
	General Obligation Bonds		Revenue Bonds		Other Bonds and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 132,620	73,019	4,240	8,675	262	163	11,842	23,632	148,964	105,489
2005	128,421	67,386	4,450	8,453	262	151	12,288	23,025	145,421	99,015
2006	123,930	61,886	4,690	8,216	262	136	13,055	22,386	141,937	92,624
2007	124,125	56,582	5,045	7,968	198	123	14,319	21,701	143,687	86,374
2008	118,925	50,553	7,815	7,697	197	111	15,115	20,993	142,052	79,354
2009-2013	488,815	175,206	48,965	32,569	650	417	90,405	92,574	628,835	300,766
2014-2018	320,930	75,860	58,600	19,193	575	244	98,679	68,273	478,784	163,570
2019-2023	139,390	15,400	29,315	5,588	460	61	97,335	44,682	266,500	65,731
2024-2028	-	-	4,735	1,826	-	-	98,361	20,613	103,096	22,439
2029-2033	-	-	5,595	728	-	-	22,874	954	28,469	1,682
Totals	\$ 1,577,156	575,892	173,450	100,913	2,866	1,406	474,273	338,833	2,227,745	1,017,044

5. FCRHA Bonds, Notes, and Loans Payable

In June 1989, the FCRHA issued \$6,120,000 of 8.95 percent Elderly Bonds, Series 1989A. On August 29, 1996, on behalf of the Little River Glen project, the FCRHA issued FHA insured mortgage revenue bonds with an original principal amount of \$6,340,000 and interest rates which vary between 4.65 and 6.10 percent with final payment due September 1, 2026, to redeem, through advance refunding, the Elderly Bonds on June 1, 1999.

In November 1992, the FCRHA issued \$3,910,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable semi-annually and maturing June 15, 2018. The proceeds of the bonds were used to finance the purchase of the FCRHA's Pender Drive office building. In June 1998, the FCRHA issued Series 1998 Lease Revenue Bonds with an original principal amount of \$3,630,000 and an interest rate of 4.71 percent with final payment due June 15, 2018, to advance refund the outstanding special limited obligation bonds. The new bonds are secured by the FCRHA's interest in payments under the lease agreements between FCRHA and the County, whereby the FCRHA leases its Pender Drive office building to the County with a first deed of trust on the office building. Proceeds from the new bonds along with other cash resources, totaling approximately \$4,000,000, were placed in irrevocable escrow accounts to provide for all future debt service payments on the old bonds, which will be redeemed on June 15, 2018. These bonds are not obligations of the County.

In August 1997, FCRHA issued tax-exempt revenue bonds with a principal amount totaling \$2,875,000 with an interest rate of 6.1 percent and final payments due July 1, 2027. The land, building, and equipment of the Herndon Harbor House Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were placed in irrevocable escrow accounts to make a loan to the Herndon Harbor House Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility.

In April 1998, FCRHA issued tax-exempt revenue bonds with a principal amount totaling \$1,700,000, an interest rate of 5.25 percent, and final payments due March 1, 2028. In 2001, a principal payment of \$825,000 was due, at which time the interest rate was changed to 6.15 percent. The land, building, and equipment of the Castellani Meadows Limited Partnership are pledged as security for the new bonds. Proceeds from the new bonds were placed in irrevocable escrow accounts to make a loan to the Castellani Meadows Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility.

In May 1999, the FCRHA issued two multifamily housing revenue bonds in the principal amounts of \$225,000 and \$1,775,000, bearing interest at the rates of 4.875 percent and 5.5 percent, respectively, and having final payment dates of May 1, 2009 and May 1, 2029, respectively. The proceeds of these bonds were placed in irrevocable escrow accounts to provide a loan to the Herndon Harbor II Limited Partnership to finance a portion of the costs for the acquisition, construction, and equipping of the Herndon Harbor rental property, which is pledged as security for the bonds.

To permanently finance certain public housing projects, the FCRHA issued public housing notes to the Federal Financing Bank. These notes are payable in annual installments each November 1, until maturity in 2015, with interest at 6.6 percent. They are secured by the projects' land, buildings, and equipment. Principal and interest is paid annually by HUD under the Annual Contributions Contract.

To permanently finance the Rosedale public housing project, the FCRHA issued public housing bonds in the original principal amount of \$1,260,000 with interest at 5.0 percent maturing April 1, 2009. Principal and interest is paid semi-annually by HUD under the Annual Contributions Contract.

FCRHA Public Housing bonds, notes, and loans payable as of June 30, 2003, excluding its component units, are as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments ('000)	Original Issue ('000)	Total Principal Outstanding ('000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 100	6,340	5,760
Lease revenue bonds	FCRHA revenues	4.71	06-15-98	06-15-18	125	3,630	3,010
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	16-30	2,875	944
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	30-40	2,000	1,961
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	14-20	1,700	845
Total bonds payable - FCRHA						16,545	12,520
Mortgage Notes Payable:							
United Bank	One University Plaza office building	5.75	11-01-97	01-31-04	13-18	363	278
SunTrust Bank	United Community Ministries	4.71	08-25-98	04-01-13	20-35	400	298
	Creighton Square	7.10	06-25-99	07-01-12	30-40	550	432
	Leland Road Group Home property	5.55	10-06-99	04-01-17	21-31	615	530
Bank of America	Cholster Town, McLean Hills and Springfield Green rental properties:	8.50	04-01-95	04-01-05	7-12	1,072	796
U.S. Dept. of Housing and Urban Development	Hopkins Glen rental property	3.00	07-12-98	04-01-10	35-49	1,112	302
	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	2,555
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	50	500	150
	Stonegate Village rental property	8.00-9.25	02-01-91	varies	55-205	1,700	555
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	155	3,100	1,550
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	2,215
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5	80	45
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	25	500	325
	Cedar Ridge rental property	1.00	05-24-95	varies	-	1,510	1,318
	Various FCRHA rental properties - Section 108 interim financing	90% of 30 day LIBOR	08-23-99	08-01-17	Int. only	215	215
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	329
	Penderbrook rental property	10.25	09-01-88	10-01-18	16-25	770	639
	Rolling Road Group Home property	8.00	09-21-00	09-01-20	5-20	234	219
	Patrick Street Group Home property	8.00	06-01-02	05-01-22	3-22	239	234
	Mount Vernon Group Home property	8.00	01-01-93	04-01-22	5-15	246	211
	West Ox Group Home property	8.00	01-01-92	11-01-02	15-20	842	728
	First Stop Group Home property	8.00	01-30-95	03-01-05	6-8	453	411
Various note holders within the Home Improvement Loan Program	Various properties owned by note holders	9.00-12.50	varies	varies	5-6	65	52
Sun Trust Bank	Various properties - interim financing	83% of 30 day LIBOR	varies	varies	Int. only	178	178
Sun Trust Bank	Various properties - interim financing	30 day LIBOR plus 0.5%	10-01-02	10-01-05	Int. only	1,263	1,263
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	8	475	471
Midland Loan Services	Cedar Ridge rental property	7.05	07-01-95	07-01-35	77-100	10,131	9,642
Fairfax County Board of Supervisors	Unsecured Bond Anticipation Note	1.27	07-13-01	07-13-03	Int. only	700	700
	Unsecured Bond Anticipation Note	1.27	10-16-01	10-16-03	Int. only	1,000	1,000
	Unsecured Bond Anticipation Note	1.27	02-13-02	02-13-04	Int. only	2,400	2,400
	Unsecured Bond Anticipation Note	1.27	11-17-02	11-17-03	Int. only	200	200
	Unsecured Bond Anticipation Note	1.27	03-07-03	03-07-05	Int. only	400	400
	Unsecured Bond Anticipation Note	1.27	05-06-03	05-06-05	Int. only	500	500
	Unsecured Bond Anticipation Note	1.27	02-21-03	02-21-05	Int. only	500	500
	Unsecured Bond Anticipation Note	1.27	03-20-03	03-20-05	Int. only	500	500
	Unsecured Bond Anticipation Note	1.27	05-06-03	05-06-05	Int. only	800	800
	Unsecured Bond Anticipation Note	1.27	06-26-03	06-26-05	Int. only	1,000	1,000
WMF Huntoon Paige	Cedar Ridge rental property	7.05	11-01-70	09-01-10	90-100	2,850	797
Federal Financing Bank	Property, plant, and equipment	6.60	07-09-82	11-01-12	40-55	1,143	599
Total mortgage notes payable - FCRHA						48,508	35,337
Public Housing Loans Payable:							
Public housing notes - Federal Financing Bank	The projects' land, buildings, and equipment	6.60	02-05-82	11-01-15	74-100	2,348	1,309
Public housing bonds	Declaration of Trust	5.00	04-01-68	04-01-09	50-60	1,260	370
Total public housing loans payable - FCRHA						3,608	1,679
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 68,660	49,536

The FCRHA's annual required principal payments on the bonds, notes, and loans payable, excluding its component units, at June 30, 2003, are as follows:

Fiscal Year	Component Unit - FCRHA (Primary Government)							
	Housing Bonds Payable		Mortgage Notes Payable		Public Housing Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 315,114	710,278	8,350,683	1,768,777	133,945	105,130	8,799,742	2,584,185
2005	334,214	693,620	4,708,519	1,576,022	143,933	97,392	5,186,666	2,367,034
2006	358,577	675,716	2,164,409	1,400,478	149,695	88,630	2,672,681	2,164,824
2007	368,213	656,785	1,185,647	1,309,279	160,616	79,710	1,714,476	2,045,774
2008	393,143	637,236	1,200,854	1,225,940	166,926	70,149	1,760,923	1,933,325
2009-2013	2,326,247	2,832,662	7,127,672	4,825,212	684,597	210,528	10,138,516	7,868,402
2014-2018	3,065,455	2,105,327	2,546,961	3,316,798	239,072	29,606	5,851,488	5,451,731
2019-2023	2,453,781	1,306,191	1,910,625	2,511,602	-	-	4,364,406	3,817,793
2024-2028	2,795,378	437,906	1,952,846	1,846,680	-	-	4,748,224	2,284,586
2029-2033	109,558	2,757	2,775,293	1,024,233	-	-	2,884,851	1,026,990
2034-2037	-	-	1,413,754	106,161	-	-	1,413,754	106,161
Totals	<u>\$ 12,519,680</u>	<u>10,058,478</u>	<u>35,337,263</u>	<u>20,911,182</u>	<u>1,678,784</u>	<u>681,145</u>	<u>49,535,727</u>	<u>31,650,805</u>

6. Park Authority Bonds, Loans, and Notes Payable

In February 1995, the Park Authority issued \$13,870,000 of Park Facilities Revenue Bonds, Series 1995, to fund the construction of additional golf facilities for County residents and patrons. On September 20, 2001, the Park Authority issued \$13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, dated September 15, 2001, with an average interest rate of 4.36 percent to advance refund \$11,670,000 of the outstanding Series 1995 Bonds with an average interest rate of 6.62 percent.

In June 2003, the Park Authority received a \$15,530,000 loan from the County to fund the development and construction of a public golf course and related structures, facilities, and equipment to be located in the Laurel Hill area of the southern part of the County.

The bonds and loan are solely the obligation of the Park Authority and are payable from the Park Revenue Fund's revenues from operations, earnings on investments, and certain fund balance reserves. The debt service requirements for the outstanding bonds and the loan payable to the County are as follows:

Fiscal Year	Component Unit - Park Authority							
	Revenue Bonds			Loan Payable to County			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2004	4.39 %	\$ 530,000	537,446	- %	-	687,362	530,000	1,224,808
2005	2.95	555,000	515,809	-	-	687,362	555,000	1,203,171
2006	3.10	570,000	498,788	-	-	687,362	570,000	1,186,150
2007	3.20	585,000	480,592	2.00	75,000	687,362	660,000	1,167,954
2008	3.40	605,000	460,948	2.25	80,000	685,863	685,000	1,146,811
2009-2013	3.60-4.10	3,365,000	1,946,538	2.50-5.00	765,000	3,382,863	4,130,000	5,329,401
2014-2018	4.20-4.50	4,095,000	1,175,620	5.00	1,660,000	3,134,563	5,755,000	4,310,183
2019-2023	4.75	2,925,000	212,681	5.00	2,965,000	2,597,063	5,890,000	2,809,744
2024-2028	-	-	-	4.25	4,455,000	1,762,050	4,455,000	1,762,050
2029-2033	-	-	-	4.25	5,530,000	724,625	5,530,000	724,625
Totals		<u>\$ 13,230,000</u>	<u>5,828,422</u>		<u>\$ 15,530,000</u>	<u>15,036,475</u>	<u>28,760,000</u>	<u>20,864,897</u>

During fiscal year 2000, the Park Authority issued a subordinated park facilities revenue note in the amount of \$12,750,000 to finance the acquisition of certain properties for use as park land. The note was redeemed during fiscal year 2002 via the issuance of a new note in the amount of the maturing principal plus the accrued interest. A similar redemption and issuance occurred in July 2002. The County has agreed to provide the Park Authority with the funds needed to meet the principal and interest payment obligations of this note from the County's General Fund. Relevant information pertaining to these notes is as follows:

Issue Dates	Maturity Dates	Principal	Interest Rate
March 30, 2000	July 31, 2001	\$ 12,750,000	6.825 %
July 31, 2001	July 31, 2002	13,912,667	3.810
July 31, 2002	July 31, 2003	14,442,740	2.030

7. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, approximately \$174 million of such tax-exempt bonds are outstanding.

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, the principal amounts outstanding on these IRBs total approximately \$546.8 million.

8. Defeasance of Debt

During fiscal year 2003 and in prior years, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2003, the amount of general obligation bonds for the County that are outstanding but considered defeased is \$178,955,000.

9. Sanitary Landfill Closure and Postclosure Obligation

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing raw waste units are filled to capacity; whereas, the ash disposal

units continue to be used. As of June 30, 2003, closure expenditures have been incurred for approximately 55 percent of the area involved. The County holds permits that allow it to continue using the landfill until approximately 2020.

The \$62.7 million reported as the landfill closure and postclosure obligation at June 30, 2003, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and postclosure care costs will be funded from landfill tipping fees and existing resources.

10. Obligations Under Capital Leases

The reporting entity has financed the acquisition of certain capital assets by entering into capital lease agreements. The balance of capital assets, net, and the minimum obligations under these capital lease agreements as of June 30, 2003, are as follows:

	Primary Government - Governmental Activities	Component Unit - Public Schools
Asset Class	Balance at June 30, 2003	Balance at June 30, 2003
Land	\$ 3,261,336	-
Buildings	26,956,062	-
Improvements	2,643,193	-
Equipment	32,132,841	21,993,306
Less: Accumulated depreciation	(26,738,819)	(3,886,304)
Total	\$ 38,254,613	18,107,002
Fiscal Year	Minimum Obligations	Minimum Obligations
2004	\$ 8,234,068	10,700,271
2005	6,697,254	8,427,415
2006	6,692,194	7,265,325
2007	3,790,236	3,805,486
2008	2,903,183	-
2009-2013	11,827,637	-
2014-2018	10,692,205	-
2019-2023	10,692,525	-
2024-2028	10,422,298	-
2029-2033	8,285,443	-
Total minimum obligations	80,237,043	30,198,497
Less: Portion representing interest	34,098,755	2,219,444
Present value of minimum obligations	\$ 46,138,288	27,979,053

11. Obligation to Component Unit

The County has a liability of approximately \$4.9 million to the Public Schools that originated in 1983 upon the recognition of teachers' compensation in the year services are rendered rather than over the twelve-month contract period ending in August. The County agreed to fund the original liability of approximately \$46.4 million over a period of years beginning in fiscal year 1984. Payments to Public Schools were deferred from fiscal years 1990 through 1996. In fiscal year 2003, the County paid the seventh of ten equal annual installments of \$1.62 million from the General Fund towards the remaining liability. This liability is included with "other" long-term liabilities in the statement of net assets.

J. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

The County's commitments to WMATA are comprised of agreements to make capital contributions for construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies and debt service for the rail, bus, and paratransit systems. The County's commitments in each of these areas are summarized below.

Capital Contributions - Rail Construction

Since 1970, the County and other local jurisdictions have entered into five Interim Capital Contribution Agreements (ICCA) with WMATA. These agreements are to provide local funds to match federal government appropriations to fund the construction of the 103-mile Metrorail Adopted Regional System. The final 13.5 miles of construction were funded through ICCA-V and Public Law 101-551. In approving ICCA-V, the jurisdictions agreed to provide local matching contributions totaling \$780 million over the life of the authorization. The agreement requires the County to provide \$113.2 million in matching funds between fiscal years 1993 and 2004. The County is providing this match through a combination of state aid, state bonds, and locally generated funds.

For fiscal year 2003, the County's obligation of approximately \$1.3 million was funded with County general obligation bond proceeds. The County's total obligations to date of approximately \$238.5 million for Metrorail construction have been funded with \$130.3 million of County general obligation bond proceeds, \$105.1 million of state aid provided to the County through the Northern Virginia Transportation Commission (NVTC), and \$3.1 million of credits available at WMATA. As of June 30, 2003, the County is obligated to contribute an additional \$1.0 million toward Metrorail construction. It is anticipated that this obligation will be paid from state aid provided through the NVTC and the proceeds of County general obligation bonds.

Capital Contributions - Bus and Rail Replacement and Rehabilitation

Each fiscal year, the County makes contributions for capital purchases for WMATA's bus system and to improve the reliability of capital equipment. The County's obligation of approximately \$8.4 million for fiscal year 2003 was funded with \$7.1 million of County general obligation bond proceeds and \$1.3 million of state aid provided through the NVTC. It is anticipated that the County's obligations for fiscal year 2004 will be funded with state aid and County general obligation bond funds.

Operating Subsidies and Debt Service

The County and other local jurisdictions continue to contribute toward WMATA's deficits resulting from the operation of the Metrorail, Metrobus, and MetroAccess (paratransit) systems and the debt service on federally guaranteed transit revenue bonds issued by WMATA. For fiscal year 2003, the County's obligation of approximately \$52.4 million for operating subsidies and debt service was funded with \$10.7 million from the County's Metro Operations and Construction Fund and \$41.7 million from state aid for transportation and regional gasoline tax receipts. It is anticipated that the County's expenditures for fiscal year 2004 will be approximately \$12.3 million.

2. Virginia Railway Express (VRE)

The County, as a member of the NVTC and in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC), is a participating jurisdiction in the operation of the VRE commuter rail service. The service primarily consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington, DC. There are five stations in Fairfax County.

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. The Master Agreement requires the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership and population. In February 1990, NVTC sold \$79.4 million in bonds to finance passenger cars, locomotives, yard facilities, and stations. Approximately \$6.0 million of the bond proceeds were made available to the County to assist with financing its local stations. The County's fiscal year 2003 contribution to VRE's commuter rail operating, capital, and debt service cost was \$2.6 million. Also, the County has been authorized to apply \$5.2 million of general obligation bond proceeds toward the cost of commuter rail facilities within the County. Through June 30, 2003, approximately \$3.9 million of this amount has been expended.

3. Operating Lease Commitments

The County and the EDA lease real estate under various long-term lease agreements. Certain leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2003, the County's and EDA's total expenditures for these operating leases were \$11,091,514 and \$861,518, respectively.

At June 30, 2003, the minimum long-term real estate lease commitments accounted for as operating leases were as follows:

Fiscal Year	Primary Government	Component Unit
	Governmental Activities	EDA
2004	\$ 9,851,415	787,850
2005	7,953,321	882,058
2006	7,198,739	902,762
2007	5,842,397	929,845
2008	4,499,205	834,528
2009-2013	9,933,804	834,922
2014-2018	3,316,982	-
2019-2023	564,186	-
2024-2028	274,853	-
2029-2032	123,684	-
Total	\$ 49,558,586	5,171,965

4. Intermunicipal Agreements

City of Alexandria, Virginia, Sanitation Authority

The Sewer System is obligated under an agreement with the City of Alexandria, Virginia, Sanitation Authority (ASA) to share the construction and operating costs and debt service requirements for its sewage treatment facility. Currently, the Sewer System has a capacity entitlement of 32.4 MGD, which is 60 percent of the facility's total capacity of 54 MGD. The Sewer System is allowed only

one non-voting representative at the meetings of the ASA and has no significant influence in the management of the treatment facility. In addition, the Sewer System has no direct ongoing equity interest in the assets or liabilities of the ASA.

The ASA facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid the ASA \$13,238,249 in fiscal year 2003 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$35,350,000, of which \$21,600,000 is expected to be incurred in fiscal year 2004 and the balance over fiscal years 2005 to 2009. In addition, the Sewer System made payments of \$10,219,480 to the ASA during fiscal year 2003 for its share of the ASA's operating costs.

District of Columbia Water and Sewer Authority

The Sewer System is obligated under an intermunicipal agreement between the County; the District of Columbia (District); Montgomery County, Maryland; Prince George's County, Maryland; and the Washington Suburban Sanitary Commission to share the construction and operating costs of the District's Blue Plains Wastewater Treatment Plant, which is operated by the District of Columbia Water and Sewer Authority (DCWASA). Currently, the Sewer System has a capacity entitlement of 31 MGD, which is approximately 8.4 percent of the Plant's total capacity of 370 MGD. The DCWASA has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from the County. The County has no significant control over plant operations and construction and no ownership interest in the assets of DCWASA.

An expansion of the Blue Plains Plant from 325 MGD to 370 MGD was completed during fiscal year 2003, and the Plant is currently undergoing a major renovation of its chemical additions and sludge disposal systems. The Sewer System paid the DCWASA \$14,102,608 during fiscal year 2003 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$62,900,000, of which \$17,200,000 is expected to be incurred in fiscal year 2004 and the balance over fiscal years 2005 to 2010. In addition, the Sewer System made payments of \$9,859,558 to the DCWASA during fiscal year 2003 for its share of the Plant's operating costs.

Upper Occoquan Sewage Authority

As described in Note A, the Upper Occoquan Sewage Authority (UOSA) is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. An expansion of the capacity of UOSA's treatment facility from 32 MGD to 54 MGD was completed during fiscal year 2003. Each jurisdiction's allocated share of UOSA's capacity as of June 30, 2003, is as shown on the right.

Member Jurisdiction	Capacity (MGD)
Fairfax County	27.5999
Prince William County	15.7971
City of Manassas	7.6893
City of Manassas Park	2.9137
Total	54.0000

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made payments to UOSA in fiscal year 2003 of \$7,593,754 to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2002 and 2001 (the most recent audited financial information available), is as shown below.

	2002	2001
Total assets	\$ 479,614,218	476,454,006
Total liabilities	(389,882,667)	(397,135,178)
Total equity	\$ 89,731,551	79,318,828
Total revenue	\$ 50,093,649	45,276,862
Total expenses	(29,023,050)	(26,289,560)
Net income	\$ 21,070,599	18,987,302

Arlington County, Virginia

The Sewer System is obligated under an agreement with Arlington County, Virginia, to share the construction and operating costs of the sewage treatment facility owned and operated by Arlington County. Currently, the Sewer System has a capacity entitlement of 3 MGD, which is 10 percent of the facility's total capacity of 30 MGD. The Sewer System has no direct on-going equity interest in the facility's assets and liabilities. Furthermore, the Sewer System has no significant influence over the management of the treatment facility.

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington County \$794,356 in fiscal year 2003 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$24,200,000, of which \$1,700,000 is expected to be incurred in fiscal year 2004 and the balance over fiscal years 2005 to 2009. In addition, the Sewer System made payments of \$960,888 to Arlington County during fiscal year 2003 for its share of Arlington's operating costs.

5. Fairfax County Solid Waste Authority (SWA) – Resource Recovery

During fiscal year 1999, as a result of a call option, the EDA issued \$195,505,000 of 1998 Series A Resource Recovery Revenue Refunding Bonds, the proceeds of which, together with certain other available funds, were used to refund all remaining outstanding 1988 Series Bonds, which were initially issued to finance the construction of a 3,000 tons-per-day mass burn facility at the County's landfill site near Interstate 95. The operation of the facility by an independent contractor commenced in 1990. Solid waste is burned to produce electricity, which is sold to a local utility company.

The bonds are not an obligation of the County; however, the County is obligated to deliver a minimum annual tonnage of solid waste to the facility and to pay tipping fees for the disposal of such waste sufficient to cover the operating costs of the facility and the debt service on the bonds. As of June 30, 2003, \$150,405,000 of the 1998 Series A Refunding Bonds are outstanding. Unspent bond proceeds in the amount of \$31,381,553, which include investment earnings, are reported in the Resource Recovery Fund, an agency fund; certain unspent proceeds are reserved for debt service and the remainder is available for solid waste disposal purposes.

6. Long-term Contracts

At June 30, 2003, the primary government had contractual commitments of \$24,331,476 in the capital projects funds and \$146,351,000 in the Sewer System for construction of various sewer projects. At June 30, 2003, the component units had contractual commitments of \$71,960,622 and

\$17,470,630 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

7. Other Post-employment Benefits

The Board of Supervisors has established a program to subsidize the health benefit coverage of certain retirees and certain surviving spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. There is no minimum number of years of service required to participate in this program. The program allows for a \$100 per month subsidy per participant and is funded on a pay-as-you-go basis. There are 1,819 participants currently eligible and receiving benefits in the program. For fiscal year 2003, the cost of this program to the County was \$2,197,557.

In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for fifty percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost on a pay-as-you-go basis. There are approximately 2,500 participating retirees, and the cost of this program to the County for fiscal year 2003 was approximately \$200,000.

K. CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the County's financial condition.

The County receives grant funds, principally from the federal government, for construction and various other programs. Certain expenditures of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

L. SPECIAL ITEM

In June 2003, the County sold 46.8 acres of land located in the Laurel Hill area of the southern part of the County to a private developer for development as a senior living campus and graduated care facility. The sale proceeds of \$18.2 million will be used to fund a portion of the cost of the public high school being constructed on adjacent land.



Required Supplementary Information

The Required Supplementary Information subsection includes the budgetary comparison schedule for the County of Fairfax's major fund, the General Fund. It also includes trend data, including the schedule of funding progress and the schedule of employer contributions, related to the pension trust funds of the County of Fairfax and the Fairfax County Public Schools component unit. The notes to required supplementary information are also included in this subsection.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,007,194,696	2,023,212,233	2,041,189,079	17,976,846
Permits, privilege fees, and regulatory licenses	29,354,826	26,468,562	27,743,163	1,274,601
Intergovernmental	320,768,801	324,627,950	322,108,842	(2,519,108)
Charges for services	34,906,731	37,301,691	40,549,148	3,247,457
Fines and forfeitures	10,997,380	9,705,364	11,046,988	1,341,624
Revenue from the use of money and property	32,737,042	16,996,291	21,114,186	4,117,895
Recovered costs	5,677,428	5,304,162	5,424,424	120,262
Total revenues	2,441,636,904	2,443,616,253	2,469,175,830	25,559,577
EXPENDITURES				
Current:				
General government administration	82,014,552	86,861,585	79,472,727	7,388,858
Judicial administration	26,623,898	27,566,074	26,902,588	663,486
Public safety	298,571,414	308,921,282	298,057,826	10,863,456
Public works	52,646,000	55,406,294	53,122,047	2,284,247
Health and welfare	220,740,041	223,725,434	212,212,857	11,512,577
Community development	37,812,910	40,014,900	35,812,741	4,202,159
Parks, recreation, and cultural	64,134,269	64,704,057	64,408,317	295,740
Nondepartmental	132,823,958	147,737,555	142,605,258	5,132,297
Total expenditures	915,367,042	954,937,181	912,594,361	42,342,820
Excess of revenues over expenditures	1,526,269,862	1,488,679,072	1,556,581,469	67,902,397
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	3,165,732	3,925,732	3,925,732	-
Transfers out to other primary government funds	(357,945,929)	(364,308,814)	(364,308,814)	-
Transfers out to component units	(1,169,098,991)	(1,170,112,741)	(1,170,112,741)	-
Total other financing sources (uses)	(1,523,879,188)	(1,530,495,823)	(1,530,495,823)	-
Net change in fund balance	\$ 2,390,674	(41,816,751)	26,085,646	67,902,397

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Funding Progress
For the fiscal year ended June 30, 2003

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll ((b-a) / c)
Primary Government						
Employees' Retirement System:						
7/1/1997	\$ 1,231,382,638	\$ 1,241,813,772	\$ 10,431,134	99.16 %	\$ 365,583,822	2.85 %
7/1/1998	1,324,132,857	1,334,468,657	10,335,800	99.23	381,220,936	2.71
7/1/1999	1,523,310,967	1,467,043,776	(56,267,191)	103.84	399,732,318	(14.08)
7/1/2000	1,694,416,094	1,690,537,763	(3,878,331)	100.23	449,231,705	(0.86)
7/1/2001	1,807,813,497	1,857,801,915	49,988,418	97.31	476,327,250	10.49
7/1/2002	1,854,088,532	2,051,677,465	197,588,933	90.37	507,905,310	38.90
Police Officers Retirement System:						
7/1/1997	399,772,825	414,534,604	14,761,779	96.44	50,307,487	29.34
7/1/1998	434,259,212	442,727,265	8,468,053	98.09	51,955,916	16.30
7/1/1999	503,649,251	487,951,047	(15,698,204)	103.22	55,081,103	(28.50)
7/1/2000	568,941,559	586,938,958	17,997,399	96.93	64,946,049	27.71
7/1/2001	611,514,245	617,510,212	5,995,967	99.03	66,755,263	8.98
7/1/2002	628,383,173	656,615,241	28,232,068	95.70	69,196,512	40.80
Uniformed Retirement System:						
7/1/1997	432,367,343	446,505,759	14,138,416	96.83	71,957,919	19.65
7/1/1998	487,989,565	491,142,845	3,153,280	99.36	74,685,099	4.22
7/1/1999	560,044,161	531,788,754	(28,255,407)	105.31	78,622,337	(35.94)
7/1/2000	624,297,885	614,242,665	(10,055,220)	101.64	87,943,499	(11.43)
7/1/2001	666,599,019	651,840,288	(14,758,731)	102.26	93,577,081	(15.77)
7/1/2002	687,093,049	720,995,743	33,902,694	95.30	99,200,254	34.18
Component Unit - Public Schools						
Educational Employees' Supplementary Retirement System:						
6/30/1997	1,045,411,714	1,215,366,514	169,954,800	86.02	553,709,472	30.69
6/30/1998	1,194,555,606	1,278,371,622	83,816,016	93.44	582,754,912	14.38
6/30/1999	1,365,416,798	1,345,658,583	(19,758,215)	101.47	626,015,364	(3.16)
6/30/2000	1,505,230,945	1,367,371,100	(137,859,845)	110.08	678,937,233	(20.31)
6/30/2001	1,599,218,680	1,552,558,103	(46,660,577)	103.01	759,905,510	(6.14)
6/30/2002	1,619,889,279	1,693,955,601	74,066,322	95.63	781,756,005	9.47

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions
For the fiscal year ended June 30, 2003

Primary Government								
Fiscal Year Ended June 30	Employees' Retirement			Police Officers Retirement			Uniformed Retirement	
	Annual Required Contribution		Percentage Contributed	Annual Required Contribution		Percentage Contributed	Annual Required Contribution	Percentage Contributed
1998	\$ 30,955,140	*	100 %	\$ 11,321,194	*	100 %	\$ 16,565,155	* 100 %
1999	24,143,832	*	100	10,685,734	*	100	15,645,845	* 100
2000	27,133,595	*	100	11,950,073	*	100	16,489,406	* 100
2001	29,960,984	*	100	17,149,427	*	100	18,818,351	* 100
2002	31,083,805	*	100	15,077,920	*	100	18,778,608	* 100
2003	36,408,121	*	88	14,918,405	*	87	21,548,814	* 107

Component Unit - Public Schools					
Educational Employees' Supplementary Retirement					
Fiscal Year Ended June 30	Annual Required Contribution		Percentage Contributed		
1998	\$ 36,932,114	*	100 %		
1999	38,422,667	*	100		
2000	35,655,898	*	100		
2001	29,145,883	*	100		
2002	30,849,067	*	100		
2003	34,506,630	*	100		

* The annual required contribution is equal to the annual pension cost.
See accompanying notes to required supplementary information.



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2003

A. BUDGETARY DATA

The Board of Supervisors adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.
- b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds are primarily certain funds of the Park Authority and the FCRHA that are not financed by the County.
- c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than \$500,000, or one percent of revenues.
- d. The budget is controlled at certain legal and administrative levels. The Code of Virginia requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency (e.g., County organizations in the General Fund) or fund level and identifies administrative controls at the character (i.e., personnel services, operating expenses, recovered costs, and capital equipment) or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.
- e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for the General Fund, except that:
 - revenue from investments is recognized in the governmental funds for budget purposes only if collected within 45 days of year end, instead of as earned;
 - offsetting revenues and expenditures related to donated food are not budgeted;
 - capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources;
 - certain capital outlays in the General Fund are budgeted as functional expenditures;
 - payments from or to component units are budgeted as transfers rather than functional revenues and expenditures;

- nondepartmental expenditures are reported for budgeting purposes, but are included in functional expenditures for reporting purposes;
- the Gift Fund, which is included in the County's General Fund for reporting purposes, is treated as an agency fund for budgeting purposes, and
- the Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County's General Fund for reporting purposes, are treated as special revenue funds for budgeting purposes.

The following schedule reconciles the amounts on the Budgetary Comparison Schedule – General Fund (Budget Basis) to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-3):

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 26,085,646
Basis difference - Revenue from investments	318,921
Perspective differences:	
The Gift Fund is treated as an agency fund for budget purposes	335,502
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	(152,615)
The Contributory Fund is treated as a special revenue fund for budget purposes	(135,441)
Net change in fund balance (GAAP basis)	<u>\$ 26,452,013</u>

- f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.
- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

B. PENSION TREND DATA

Six-year historical trend information of the retirement systems administered by the reporting entity is presented as required supplementary information. This information is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each system's funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage is, the stronger the system.

Information pertaining to the retirement systems administered by the reporting entity can be found in Note G to the financial statements.



Other Supplementary Information

The Other Supplementary Information subsection includes the combining and individual fund statements and schedules for the following:

- Governmental Funds
- Internal Service Funds
- Fiduciary Funds
- Capital Assets
- Component Units

The **General Fund** is used to account for all revenues and expenditures of the County, which are not required to be accounted for in other funds.

Revenues are derived primarily from real estate and personal property taxes, local sales taxes, utility taxes, business, professional and occupational license taxes, the use of money and property, license and permit fees, and state shared taxes.

Expenditures and transfers out include the costs of the general County government and transfers to component units and other funds, principally made to fund the operations of the Public Schools and County and Public Schools debt service requirements.

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Real property	\$ 1,384,758,240	1,392,128,078	1,396,533,629	4,405,551
Personal property	259,035,986	269,934,808	271,061,149	1,126,341
Business licenses	87,154,888	90,988,825	95,006,985	4,018,160
Local sales and use	126,898,084	124,775,833	128,808,726	4,032,893
Consumers utility	89,428,108	86,930,059	85,892,727	(1,037,332)
Motor vehicle decals	19,018,442	19,018,442	19,052,623	34,181
Recordation	14,498,840	22,941,571	27,044,633	4,103,062
Occupancy, tobacco, and other	26,402,108	16,494,617	17,788,607	1,293,990
Total taxes	2,007,194,696	2,023,212,233	2,041,189,079	17,976,846
Permits, privilege fees, and regulatory licenses	29,354,826	26,468,562	27,743,163	1,274,601
Intergovernmental	320,768,801	324,627,950	322,108,842	(2,519,108)
Charges for services	34,906,731	37,301,691	40,549,148	3,247,457
Fines and forfeitures	10,997,380	9,705,364	11,046,988	1,341,624
Revenue from the use of money and property	32,737,042	16,996,291	21,114,186	4,117,895
Recovered costs	5,677,428	5,304,162	5,424,424	120,262
Total revenues	2,441,636,904	2,443,616,253	2,469,175,830	25,559,577
EXPENDITURES				
General government administration:				
Board of Supervisors	4,136,666	4,136,666	3,776,650	360,016
Financial and Program Auditor	185,487	187,887	172,237	15,650
County Executive	6,498,139	6,861,625	6,117,276	744,349
Tax Administration	19,931,438	20,164,437	19,497,030	667,407
Finance	6,910,054	7,198,062	6,943,837	254,225
Telecommunications and Consumer Services	1,689,904	1,656,422	1,629,618	26,804
Human Resources	6,183,678	6,580,973	5,682,160	898,813
Purchasing and Supply Management	4,010,668	4,020,549	3,924,122	96,427
Public Affairs	857,921	1,145,193	971,088	174,105
Electoral Board and General Registrar	2,013,545	3,924,672	1,908,622	2,016,050
County Attorney	5,410,333	5,894,664	5,277,224	617,440
Information Technology	21,014,486	21,885,680	20,817,553	1,068,127
Management and Budget	2,976,042	3,008,564	2,547,237	461,327
Civil Service Commission	196,191	196,191	208,073	(11,882)
Total general government administration	82,014,552	86,861,585	79,472,727	7,388,858
Judicial administration:				
Circuit Court and Records	8,920,032	9,054,797	8,423,726	631,071
Commonwealth Attorney	1,994,599	1,994,599	1,685,973	308,626
General District Court	1,586,059	1,588,404	1,573,296	15,108
Sheriff	14,123,208	14,928,274	15,219,593	(291,319)
Total judicial administration	26,623,898	27,566,074	26,902,588	663,486
Public safety:				
Telecommunications and Consumer Services	970,385	1,034,734	1,032,326	2,408
Land Development	9,947,557	10,449,867	9,803,740	646,127
Juvenile and Domestic Relations Court	17,375,329	17,193,875	16,943,155	250,720
Police Department	129,325,400	133,399,320	126,532,922	6,866,398
Sheriff	29,764,234	33,478,854	31,835,855	1,642,999
Fire and Rescue	111,188,509	113,364,632	111,909,828	1,454,804
Total public safety	\$ 298,571,414	308,921,282	298,057,826	10,863,456

continued

EXHIBIT B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
Public works:				
Facilities Management	\$ 33,102,262	35,514,503	34,071,255	1,443,248
Business Planning and Support	2,548,940	2,548,940	2,507,673	41,267
Capital Facilities	8,484,031	8,484,031	8,481,594	2,437
Stormwater Management	8,290,293	8,638,346	7,842,821	795,525
Unclassified Administrative Expenses	220,474	220,474	218,704	1,770
Total public works	52,646,000	55,406,294	53,122,047	2,284,247
Health and welfare:				
Family Services	164,992,586	166,314,919	157,706,221	8,608,698
Health Department	38,059,540	39,486,405	37,758,759	1,727,646
Office for Women	481,124	481,124	415,303	65,821
Human Services Administration	12,004,717	12,187,323	11,773,066	414,257
Human Services Systems Management	5,202,074	5,255,663	4,559,508	696,155
Total health and welfare	220,740,041	223,725,434	212,212,857	11,512,577
Community development:				
Economic Development Authority	6,562,715	6,562,715	6,562,710	5
Land Development	9,398,341	9,413,582	8,875,940	537,642
Planning and Zoning	8,820,847	8,919,377	8,361,554	557,823
Planning Commission	648,870	648,870	637,791	11,079
Housing and Community Development	5,320,774	5,652,333	5,327,335	324,998
Office of Human Rights	1,271,426	1,271,426	1,207,987	63,439
Transportation	5,789,937	7,546,597	4,839,424	2,707,173
Total community development	37,812,910	40,014,900	35,812,741	4,202,159
Parks, recreation, and cultural:				
Community and Recreation Services	12,145,380	12,609,780	12,820,621	(210,841)
Park Authority	24,266,258	24,272,572	24,245,404	27,168
Public Library	27,722,631	27,821,705	27,342,292	479,413
Total parks, recreation, and cultural	64,134,269	64,704,057	64,408,317	295,740
Nondepartmental:				
Unclassified Administrative Expenses	4,454,797	9,054,972	5,504,195	3,550,777
Employee Benefits	128,369,161	138,682,583	137,101,063	1,581,520
Total nondepartmental	132,823,958	147,737,555	142,605,258	5,132,297
Total expenditures	915,367,042	954,937,181	912,594,361	42,342,820
Excess of revenues over expenditures	\$ 1,526,269,862	1,488,679,072	1,556,581,469	67,902,397

continued

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule Detail - General Fund (Budget Basis)
For the fiscal year ended June 30, 2003

EXHIBIT B
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
From other primary government funds:				
Special Revenue Fund:				
Cable Communications	\$ 1,465,732	1,465,732	1,465,732	-
Public Safety Construction	-	760,000	760,000	-
Department of Vehicle Services	1,700,000	1,700,000	1,700,000	-
Total transfers in from other primary government funds	3,165,732	3,925,732	3,925,732	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Fairfax-Falls Church Community Services Board	(78,401,580)	(78,401,580)	(78,401,580)	-
County Transit Systems	(16,738,953)	(17,938,844)	(17,938,844)	-
Aging Grants and Programs	(1,735,999)	(1,735,999)	(1,735,999)	-
Information Technology	(5,921,626)	(5,921,626)	(5,921,626)	-
Refuse Collection	-	(9,622)	(9,622)	-
Refuse Disposal	(3,439,291)	(3,439,291)	(3,439,291)	-
Consolidated Community Funding Pool	(6,278,539)	(6,278,539)	(6,278,539)	-
Contributory Fund	(6,456,429)	(6,507,747)	(6,507,747)	-
E-911	(4,666,094)	(6,974,098)	(6,974,098)	-
Debt Service Funds:				
County Debt Service	(100,089,491)	(100,089,491)	(100,089,491)	-
School Debt Service	(113,604,781)	(113,604,781)	(113,604,781)	-
Capital Projects Funds:				
County Construction	(2,611,941)	(4,855,991)	(4,855,991)	-
Library Construction	-	(550,000)	(550,000)	-
Metro Operations and Construction	(12,272,714)	(12,272,714)	(12,272,714)	-
Housing Assistance Program	(1,600,000)	(1,600,000)	(1,600,000)	-
Internal Service Funds:				
Retiree Health Benefits	(2,228,491)	(2,228,491)	(2,228,491)	-
Document Services Division	(1,900,000)	(1,900,000)	(1,900,000)	-
Total transfers out to other primary government funds	(357,945,929)	(364,308,814)	(364,308,814)	-
To component units:				
Public Schools:				
General Fund	(1,167,861,517)	(1,168,875,267)	(1,168,875,267)	-
FCRHA:				
Elderly Housing Program	(1,237,474)	(1,237,474)	(1,237,474)	-
Total transfers out to component units	(1,169,098,991)	(1,170,112,741)	(1,170,112,741)	-
Total transfers out	(1,527,044,920)	(1,534,421,555)	(1,534,421,555)	-
Total other financing sources (uses)	(1,523,879,188)	(1,530,495,823)	(1,530,495,823)	-
Net change in fund balance	\$ 2,390,674	(41,816,751)	26,085,646	67,902,397

The **Nonmajor Governmental Funds** include all special revenue funds, debt service funds, and capital projects funds.

COUNTY OF FAIRFAX, VIRGINIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

EXHIBIT C

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 203,140,749	10,462,902	145,078,654	358,682,305
Receivables (net of allowances):				
Accounts	9,002,951	-	2,092,264	11,095,215
Accrued interest	279,437	-	10,869	290,306
Loans	-	15,530,000	-	15,530,000
Notes	4,960,234	-	-	4,960,234
Due from intergovernmental units	13,864,361	5,757	1,065,386	14,935,504
Due from component units	1,591,703	-	-	1,591,703
Other assets	47,771	-	-	47,771
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	41,871,927	41,871,927
Cash with fiscal agents	690,454	275,546	-	966,000
Investments	-	7,171,196	69,155,146	76,326,342
Total assets	\$ 233,577,660	33,445,401	259,274,246	526,297,307
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 11,826,182	351,033	4,079,600	16,256,815
Accrued salaries and benefits	4,468,058	-	-	4,468,058
Contract retainages	90,427	-	2,519,629	2,610,056
Accrued interest payable	-	-	1,028,167	1,028,167
Due to component units	-	-	94,937	94,937
Interfund payables	3,583,846	-	-	3,583,846
Matured bond principal and interest payable	-	174,455	-	174,455
Deferred revenue - other	7,407,774	492,839	25,521,728	33,422,341
Performance and other deposits	690,454	-	9,678,313	10,368,767
Total liabilities	28,066,741	1,018,327	42,922,374	72,007,442
Fund balances:				
Reserved for:				
Encumbrances	19,170,217	-	24,331,476	43,501,693
Long-term receivables	4,960,234	15,530,000	-	20,490,234
Certain capital projects	-	-	103,220,585	103,220,585
Unreserved	181,380,468	16,897,074	88,799,811	287,077,353
Total fund balances	205,510,919	32,427,074	216,351,872	454,289,865
Total liabilities and fund balances	\$ 233,577,660	33,445,401	259,274,246	526,297,307

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT C-1

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2003

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 13,595,615	-	-	13,595,615
Permits, privilege fees, and regulatory licenses	10,843,786	-	-	10,843,786
Intergovernmental	79,423,007	27,887	14,198,569	93,649,463
Charges for services	116,956,434	-	-	116,956,434
Fines and forfeitures	6,200	-	-	6,200
Developers' contributions	1,712,491	-	4,045,566	5,758,057
Revenue from the use of money and property	3,319,644	-	554,020	3,873,664
Recovered costs	3,651,681	-	3,555,845	7,207,526
Local matching grants	7,597,376	-	-	7,597,376
Gifts, donations, and contributions	294,383	-	-	294,383
Total revenues	237,400,617	27,887	22,354,000	259,782,504
EXPENDITURES				
Current:				
General government administration	13,442,165	-	523,644	13,965,809
Judicial administration	1,642,065	-	-	1,642,065
Public safety	30,322,931	-	552,463	30,875,394
Public works	93,262,896	-	5,626,355	98,889,251
Health and welfare	141,616,819	-	1,466,596	143,083,415
Community development	39,432,089	-	32,839,071	72,271,160
Parks, recreation, and cultural	8,706,451	-	28,760,621	37,467,072
Education - for Public Schools	1,624,576	-	136,472,500	138,097,076
Capital outlay:				
General government administration	1,181,424	-	1,013,292	2,194,716
Judicial administration	-	-	411,944	411,944
Public safety	2,977,109	-	17,843,794	20,820,903
Public works	3,309,113	-	537,364	3,846,477
Health and welfare	115,507	-	1,487,542	1,603,049
Community development	5,047,853	-	4,864,773	9,912,626
Parks, recreation, and cultural	401,292	-	4,176,912	4,578,204
Education - for Public Schools	-	-	1,873,190	1,873,190
Debt service:				
Principal retirement	4,768,572	134,439,425	426,727	139,634,724
Interest and other charges	847,758	80,750,432	117,875	81,716,065
Total expenditures	348,698,620	215,189,857	238,994,663	802,883,140
Deficiency of revenues under expenditures	(111,298,003)	(215,161,970)	(216,640,663)	(543,100,636)
OTHER FINANCING SOURCES (USES)				
Transfers in	115,856,484	214,289,610	21,396,026	351,542,120
Transfers out	(1,576,282)	-	(4,797,533)	(6,373,815)
General obligation bonds issued	-	-	206,884,788	206,884,788
Lease revenue bonds issued	-	22,725,084	52,900,836	75,625,920
Capital leases	1,007,034	-	70,330	1,077,364
Refunding bonds issued	-	183,893,333	-	183,893,333
Payments to refunded bond escrow agent	-	(183,541,600)	-	(183,541,600)
Total other financing sources (uses)	115,287,236	237,366,427	276,454,447	629,108,110
SPECIAL ITEM				
Proceeds from the sale of land	-	-	18,200,000	18,200,000
Net change in fund balances	3,989,233	22,204,457	78,013,784	104,207,474
Fund balances, July 1, 2002	201,521,686	10,222,617	138,338,088	350,082,391
Fund balances, June 30, 2003	\$ 205,510,919	32,427,074	216,351,872	454,289,865



The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

County Transit Systems Fund is used to account for the operation of a bus service, known as the Fairfax Connector, to transport citizens in certain parts of the County to and from WMATA's rail stations and for the County's contributions to the Virginia Railway Express commuter rail service.

Federal/State Grant Fund is used to account for the utilization of federal and state funds to assist County citizens.

Aging Grants and Programs Fund is used to account for programs for senior citizens that specifically relate to the State Plan of Aging Services and that are administered by the Fairfax Area Agency on Aging. Included are programs for the provision of meals, transportation and medical care.

Information Technology Fund is used to account for the acquisition of computer hardware and software for information technology projects which are designed to improve the County's management information system, its operational efficiency, and customer service.

Cable Communications Fund is used to account for costs associated with monitoring the County's Cable Communications Ordinance and Franchise Agreement as well as providing programming for the County's Governmental Access Channel. Its primary source of revenue is franchise fees.

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, mental retardation, alcoholism, and drug abuse services to families and individuals in Fairfax County, the City of Fairfax, and the City of Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, and which is supported by the payment of a special assessment by these residents.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, which is located within the Dranesville Magisterial District and which is supported by payment of a special assessment by these residents.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, which is located within the Lee Magisterial District and which is supported by payment of a special assessment by these residents.

Forest Integrated Pest Management Program Fund is used to account for detection, abatement, and public information programs to suppress gypsy moth and cankerworm insect populations in the County.

Consolidated Community Funding Pool Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to community-based nonprofit organizations on a competitive basis to provide certain services to County citizens.

Contributory Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to certain contributory organizations to provide human services to County citizens.

E-911 Fund is used to account for the operation of a 911 emergency response service for the citizens of the County, including related information technology projects.

Leaf Collection Fund is used to account for the collection and disposal of leaves from residences and businesses located within designated districts. This fund is supported by the payment of a special assessment by these residents and businesses.

Refuse Collection and Recycling Operations Fund is used to account for the collection of refuse in designated districts and from all County departments and the operation of the County's solid waste reduction and recycling centers.

Refuse Disposal Fund is used to account for the operations of two transfer stations to receive refuse collected throughout the County and channel it to either an incinerator or a landfill.

Energy Resource Recovery Facility Fund is used to account for the operation of an incinerator, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions. The sale of electricity generated by the facility is a source of revenue for this fund.

I-95 Refuse Disposal Fund is used to account for the operation of a landfill which is currently filled to solid waste capacity and now only used for disposal of ash generated by certain local incinerators.

Alcohol Safety Action Program Fund is used to account for programs to reduce the incidence of driving under the influence (DUI) of alcohol through rehabilitative alcohol/drug education, case management of DUI defendants, referral to alcohol/drug treatment programs and public information. This fund is solely fee supported and is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund.

Community Development Block Grant Fund is used to account for programs to upgrade low and moderate income neighborhoods through the provision of public facilities, home improvements, and public services.

Housing Trust Fund is used to account for the promotion of housing for low and moderate income individuals in the County by providing low cost debt and equity capital in the form of loans, grants, and equity contributions.

Home Investment Partnership Grant Fund is used to account for affordable housing programs involving acquisition, rehabilitation, new construction, and tenant-based rental assistance.

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	County Transit System	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
ASSETS					
Equity in pooled cash and temporary investments	\$ 8,323,442	121,707	1,135,556	21,767,342	19,058,634
Receivables (net of allowances):					
Accounts	-	1,222,190	-	7,615	2,712,500
Accrued interest	-	-	-	6,062	-
Notes	-	-	-	-	-
Due from intergovernmental units	1,745,302	10,717,121	-	-	-
Due from component units	-	-	-	-	-
Other assets	-	46,953	-	-	818
Restricted assets - Cash with fiscal agents	-	-	-	-	690,454
Total assets	\$ 10,068,744	12,107,971	1,135,556	21,781,019	22,462,406
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,943,315	1,186,229	227,700	2,272,230	307,582
Accrued salaries and benefits	-	632,895	75,509	-	116,991
Contract retainages	-	2,003	-	-	-
Interfund payables	-	2,659,673	15,118	-	25,018
Deferred revenue - other	-	5,452,257	-	-	-
Performance and other deposits	-	-	-	-	690,454
Total liabilities	3,943,315	9,933,057	318,327	2,272,230	1,140,045
Fund balances:					
Reserved for:					
Encumbrances	1,219,321	2,749,663	273,381	7,377,454	617,803
Long-term receivables	-	-	-	-	-
Unreserved	4,906,108	(574,749)	543,848	12,131,335	20,704,558
Total fund balances	6,125,429	2,174,914	817,229	19,508,789	21,322,361
Total liabilities and fund balances	\$ 10,068,744	12,107,971	1,135,556	21,781,019	22,462,406

EXHIBIT D

Fairfax- Falls Church Community Service Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Forest Integrated Pest Management Program	E-911	
						ASSETS
11,111,076	2,977,208	2,813,222	148,346	2,035,281	6,100,439	Equity in pooled cash and temporary investments
926,425	-	-	-	-	1,000,000	Receivables (net of allowances):
-	912	841	42	588	1,512	Accounts
-	-	-	-	-	-	Accrued interest
481,728	-	-	-	-	-	Notes
-	-	-	-	-	-	Due from intergovernmental units
-	-	-	-	-	-	Due from component units
-	-	-	-	-	-	Other assets
-	-	-	-	-	-	Restricted assets - Cash with fiscal agents
12,519,229	2,978,120	2,814,063	148,388	2,035,869	7,101,951	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
1,511,845	100,621	56,217	211	16,934	244,253	Accounts payable and accrued liabilities
2,307,676	101,425	58,878	626	10,947	438,423	Accrued salaries and benefits
-	-	-	-	-	-	Contract retainages
511,008	19,120	13,410	49	2,473	80,780	Interfund payables
1,894,152	-	61,365	-	-	-	Deferred revenue - other
-	-	-	-	-	-	Performance and other deposits
6,224,681	221,166	189,870	886	30,354	763,456	Total liabilities
						Fund balances:
						Reserved for:
165,725	28,118	138,833	-	365	2,066,683	Encumbrances
-	-	-	-	-	-	Long-term receivables
6,128,823	2,728,836	2,485,360	147,502	2,005,150	4,271,812	Unreserved
6,294,548	2,756,954	2,624,193	147,502	2,005,515	6,338,495	Total fund balances
12,519,229	2,978,120	2,814,063	148,388	2,035,869	7,101,951	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
ASSETS					
Equity in pooled cash and temporary investments	\$ 1,662,323	11,298,357	9,434,669	13,274,262	77,606,053
Receivables (net of allowances):					
Accounts	-	36,204	786,334	2,165,312	146,371
Accrued interest	493	3,364	3,173	2,814	21,945
Notes	-	-	-	-	-
Due from intergovernmental units	-	50,132	149,020	10,859	-
Due from component units	-	-	-	-	-
Other assets	-	-	-	-	-
Restricted assets - Cash with fiscal agents	-	-	-	-	-
Total assets	\$ 1,662,816	11,388,057	10,373,196	15,453,247	77,774,369
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 776	247,151	1,008,779	38,558	404,697
Accrued salaries and benefits	-	238,443	285,159	16,802	81,480
Contract retainages	-	8,477	-	-	-
Interfund payables	-	63,473	69,540	4,640	18,247
Deferred revenue - other	-	-	-	-	-
Performance and other deposits	-	-	-	-	-
Total liabilities	776	557,544	1,363,478	60,000	504,424
Fund balances:					
Reserved for:					
Encumbrances	-	441,932	1,194,197	100,280	647,490
Long-term receivables	-	-	-	-	-
Unreserved	1,662,040	10,388,581	7,815,521	15,292,967	76,622,455
Total fund balances	1,662,040	10,830,513	9,009,718	15,393,247	77,269,945
Total liabilities and fund balances	\$ 1,662,816	11,388,057	10,373,196	15,453,247	77,774,369

EXHIBIT D
concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
					ASSETS
183,148	523,369	13,566,292	23	203,140,749	Equity in pooled cash and temporary investments
-	-	-	-	9,002,951	Receivables (net of allowances):
20	4,796	232,875	-	279,437	Accounts
-	4,192,243	644,399	123,592	4,960,234	Accrued interest
-	480,476	63,473	166,250	13,864,361	Notes
-	-	1,591,703	-	1,591,703	Due from intergovernmental units
-	-	-	-	47,771	Due from component units
-	-	-	-	690,454	Other assets
183,168	5,200,884	16,098,742	289,865	233,577,660	Restricted assets - Cash with fiscal agents
					Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
28,587	43,220	53,605	133,672	11,826,182	Accounts payable and accrued liabilities
50,802	45,872	-	6,130	4,468,058	Accrued salaries and benefits
-	31,671	45,821	2,455	90,427	Contract retainages
8,097	10,352	-	82,848	3,583,846	Interfund payables
-	-	-	-	7,407,774	Deferred revenue - other
-	-	-	-	690,454	Performance and other deposits
87,486	131,115	99,426	225,105	28,066,741	Total liabilities
					Fund balances:
					Reserved for:
1,971	1,412,672	530,675	203,654	19,170,217	Encumbrances
-	4,192,243	644,399	123,592	4,960,234	Long-term receivables
93,711	(535,146)	14,824,242	(262,486)	181,380,468	Unreserved
95,682	5,069,769	15,999,316	64,760	205,510,919	Total fund balances
183,168	5,200,884	16,098,742	289,865	233,577,660	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	County Transit System	Federal/ State Grant	Aging Grants and Programs	Information Technology	Cable Communications
REVENUES					
Local sales and use taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	10,787,866
Intergovernmental	8,655,780	34,591,721	2,112,329	540,000	-
Charges for services	2,077,978	49,528	147,149	-	1,618
Fines and forfeitures	-	-	-	-	6,200
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	-	79,393	-	325,161	-
Recovered costs	-	-	72,658	1,898,389	-
Local matching grants	-	7,597,376	-	-	-
Gifts, donations, and contributions	-	-	294,383	-	-
Total revenues	10,733,758	42,318,018	2,626,519	2,763,550	10,795,684
EXPENDITURES					
Current:					
General government administration	-	1,295,273	-	12,146,892	-
Judicial administration	-	1,642,065	-	-	-
Public safety	-	10,896,521	-	-	-
Public works	-	531,334	-	-	-
Health and welfare	-	23,235,412	2,728,764	-	-
Community development	24,961,101	1,397,231	699,640	-	4,890,401
Parks, recreation, and cultural	-	157,538	854,597	-	-
Education - for Public Schools	-	-	-	-	1,624,576
Capital outlay:					
General government administration	-	126,990	-	1,054,434	-
Public safety	-	1,436,055	-	-	-
Public works	-	252,881	-	-	-
Health and welfare	-	115,507	-	-	-
Community development	2,717,310	83,035	-	-	457,009
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	1,200,083	291,706	-	-	-
Interest and other charges	147,821	58,294	-	-	-
Total expenditures	29,026,315	41,519,842	4,283,001	13,201,326	6,971,986
Excess (deficiency) of revenues over (under) expenditures	(18,292,557)	798,176	(1,656,482)	(10,437,776)	3,823,698
OTHER FINANCING SOURCES (USES)					
Transfers in	19,374,268	-	1,735,999	5,921,626	-
Transfers out	-	-	-	-	(1,465,732)
Capital leases	-	-	-	-	-
Total other financing sources (uses)	19,374,268	-	1,735,999	5,921,626	(1,465,732)
Net change in fund balances	1,081,711	798,176	79,517	(4,516,150)	2,357,966
Fund balances, July 1, 2002	5,043,718	1,376,738	737,712	24,024,939	18,964,395
Fund balances, June 30, 2003	\$ 6,125,429	2,174,914	817,229	19,508,789	21,322,361

EXHIBIT D-1

Fairfax- Falls Church Community Service Board	Reston Community Center	McLean Community Center	Burgundy Village Community Center	Forest Integrated Pest Management Program	E-911	
REVENUES						
-	-	-	-	-	13,595,615	Local sales and use taxes
-	-	-	-	-	-	- Permits, privilege fees, and regulatory licenses
22,983,829	-	5,000	-	9,142	3,300,214	Intergovernmental
12,145,182	5,136,028	3,128,811	11,965	1,171,028	-	- Charges for services
-	-	-	-	-	-	- Fines and forfeitures
-	-	-	-	-	-	- Developers' contributions
-	127,034	118,528	26,416	21,544	83,455	Revenue from the use of money and property
1,398,949	-	-	-	-	-	- Recovered costs
-	-	-	-	-	-	- Local matching grants
-	-	-	-	-	-	- Gifts, donations, and contributions
36,527,960	5,263,062	3,252,339	38,381	1,201,714	16,979,284	Total revenues
EXPENDITURES						
Current:						
-	-	-	-	-	-	- General government administration
-	-	-	-	-	-	- Judicial administration
-	-	-	-	-	19,426,410	Public safety
-	-	-	-	-	-	Public works
114,124,583	-	-	-	-	-	Health and welfare
-	-	-	-	482,187	-	Community development
-	5,063,842	2,606,132	24,342	-	-	Parks, recreation, and cultural
-	-	-	-	-	-	Education - for Public Schools
Capital outlay:						
-	-	-	-	-	-	- General government administration
-	-	-	-	-	1,541,054	Public safety
-	-	-	-	-	-	Public works
-	-	-	-	-	-	Health and welfare
-	-	-	-	-	-	Community development
-	174,600	226,692	-	-	-	Parks, recreation, and cultural
Debt service:						
-	14,476	-	-	-	3,147,307	Principal retirement
-	50,996	-	-	-	461,237	Interest and other charges
114,124,583	5,303,914	2,832,824	24,342	482,187	24,576,008	Total expenditures
						Excess (deficiency) of revenues over
(77,596,623)	(40,852)	419,515	14,039	719,527	(7,596,724)	(under) expenditures
OTHER FINANCING SOURCES (USES)						
78,401,580	-	-	-	-	6,974,098	Transfers in
-	-	(110,550)	-	-	-	- Transfers out
-	-	-	-	-	1,007,034	Capital leases
78,401,580	-	(110,550)	-	-	7,981,132	Total other financing sources (uses)
804,957	(40,852)	308,965	14,039	719,527	384,408	Net change in fund balances
5,489,591	2,797,806	2,315,228	133,463	1,285,988	5,954,087	Fund balances, July 1, 2002
6,294,548	2,756,954	2,624,193	147,502	2,005,515	6,338,495	Fund balances, June 30, 2003

continued

COUNTY OF FAIRFAX, VIRGINIA

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal
REVENUES					
Local sales and use taxes	\$ -	-	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	48,720	-	7,200
Intergovernmental	-	91,370	-	-	-
Charges for services	800,844	11,587,598	40,105,348	34,409,504	4,563,196
Fines and forfeitures	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	79,892	162,734	310,490	125,679	1,297,277
Recovered costs	525	12,826	258,897	-	9,437
Local matching grants	-	-	-	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	881,261	11,854,528	40,723,455	34,535,183	5,877,110
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,295,342	13,348,922	43,620,812	29,335,253	5,131,233
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	38,511	318,415	2,047,889	-	651,417
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	1,333,853	13,667,337	45,668,701	29,335,253	5,782,650
Excess (deficiency) of revenues over (under) expenditures	(452,592)	(1,812,809)	(4,945,246)	5,199,930	94,460
OTHER FINANCING SOURCES (USES)					
Transfers in	-	9,622	3,439,291	-	-
Transfers out	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	-	9,622	3,439,291	-	-
Net change in fund balances	(452,592)	(1,803,187)	(1,505,955)	5,199,930	94,460
Fund balances, July 1, 2002	2,114,632	12,633,700	10,515,673	10,193,317	77,175,485
Fund balances, June 30, 2003	\$ 1,662,040	10,830,513	9,009,718	15,393,247	77,269,945

EXHIBIT D-1

concluded

Alcohol Safety Action Program	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Total Special Revenue Funds	
REVENUES					
-	-	-	-	13,595,615	Local sales and use taxes
-	-	-	-	10,843,786	Permits, privilege fees, and regulatory licenses
-	6,233,384	-	900,238	79,423,007	Intergovernmental
1,620,657	-	-	-	116,956,434	Charges for services
-	-	-	-	6,200	Fines and forfeitures
-	-	1,712,491	-	1,712,491	Developers' contributions
221	145,363	324,149	92,308	3,319,644	Revenue from the use of money and property
-	-	-	-	3,651,681	Recovered costs
-	-	-	-	7,597,376	Local matching grants
-	-	-	-	294,383	Gifts, donations, and contributions
1,620,878	6,378,747	2,036,640	992,546	237,400,617	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	13,442,165	General government administration
-	-	-	-	1,642,065	Judicial administration
-	-	-	-	30,322,931	Public safety
-	-	-	-	93,262,896	Public works
1,528,060	-	-	-	141,616,819	Health and welfare
-	5,787,238	366,387	847,904	39,432,089	Community development
-	-	-	-	8,706,451	Parks, recreation, and cultural
-	-	-	-	1,624,576	Education - for Public Schools
Capital outlay:					
-	-	-	-	1,181,424	General government administration
-	-	-	-	2,977,109	Public safety
-	-	-	-	3,309,113	Public works
-	-	-	-	115,507	Health and welfare
-	438,331	1,170,813	181,355	5,047,853	Community development
-	-	-	-	401,292	Parks, recreation, and cultural
Debt service:					
-	115,000	-	-	4,768,572	Principal retirement
-	129,410	-	-	847,758	Interest and other charges
1,528,060	6,469,979	1,537,200	1,029,259	348,698,620	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
92,818	(91,232)	499,440	(36,713)	(111,298,003)	
OTHER FINANCING SOURCES (USES)					
-	-	-	-	115,856,484	Transfers in
-	-	-	-	(1,576,282)	Transfers out
-	-	-	-	1,007,034	Capital leases
-	-	-	-	115,287,236	Total other financing sources (uses)
92,818	(91,232)	499,440	(36,713)	3,989,233	Net change in fund balances
2,864	5,161,001	15,499,876	101,473	201,521,686	Fund balances, July 1, 2002
95,682	5,069,769	15,999,316	64,760	205,510,919	Fund balances, June 30, 2003

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2A

Special Revenue Fund

Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,500,000	8,605,128	8,655,781	50,653
Charges for services	125,000	125,000	167,862	42,862
Total revenues	6,625,000	8,730,128	8,823,643	93,515
EXPENDITURES				
Current:				
Community development	24,799,377	30,782,286	27,116,199	3,666,087
Total expenditures	24,799,377	30,782,286	27,116,199	3,666,087
Excess (deficiency) of revenues over (under) expenditures	(18,174,377)	(22,052,158)	(18,292,556)	3,759,602
OTHER FINANCING SOURCES				
Transfers in	18,174,377	19,374,268	19,374,268	-
Total other financing sources	18,174,377	19,374,268	19,374,268	-
Net change in fund balance	\$ -	(2,677,890)	1,081,712	3,759,602

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2B

Special Revenue Fund

Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 42,736,929	79,611,813	34,591,721	(45,020,092)
Charges for services	-	361,699	49,528	(312,171)
Revenue from the use of money and property	-	-	79,393	79,393
Recovered costs	-	75,291	-	(75,291)
Local matching grants	2,357,529	15,299,825	7,597,376	(7,702,449)
Total revenues	45,094,458	95,348,628	42,318,018	(53,030,610)
EXPENDITURES				
Current:				
General government administration	-	554,218	1,422,263	(868,045)
Judicial administration	-	606,184	1,642,065	(1,035,881)
Public safety	6,855,976	40,877,178	12,682,575	28,194,603
Public works	-	1,282,839	784,215	498,624
Health and welfare	-	37,503,524	23,350,920	14,152,604
Community development	-	3,949,891	1,480,266	2,469,625
Parks, recreation, and cultural	-	319,059	157,538	161,521
Nondepartmental	38,238,482	11,563,952	-	11,563,952
Total expenditures	45,094,458	96,656,845	41,519,842	55,137,003
Net change in fund balance	\$ -	(1,308,217)	798,176	2,106,393

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2C

Special Revenue Fund

Budgetary Comparison Schedule - Aging Grants and Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,973,597	2,683,366	2,165,175	(518,191)
Charges for services	336,028	411,618	94,302	(317,316)
Recovered costs	83,995	83,995	72,658	(11,337)
Gifts and donations	12,453	10,499	294,384	283,885
Total revenues	2,406,073	3,189,478	2,626,519	(562,959)
EXPENDITURES				
Current:				
Health and welfare	4,142,072	5,663,190	2,728,764	2,934,426
Community development	-	-	699,640	(699,640)
Parks, recreation, and cultural	-	-	854,597	(854,597)
Total expenditures	4,142,072	5,663,190	4,283,001	1,380,189
Excess (deficiency) of revenues over (under) expenditures	(1,735,999)	(2,473,712)	(1,656,482)	817,230
OTHER FINANCING SOURCES				
Transfers in	1,735,999	1,735,999	1,735,999	-
Total other financing sources	1,735,999	1,735,999	1,735,999	-
Net change in fund balance	\$ -	(737,713)	79,517	817,230

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2d

Special Revenue Fund

Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 540,000	540,000	540,000	-
Revenue from the use of money and property	622,000	487,284	352,464	(134,820)
Total revenues	1,162,000	1,027,284	892,464	(134,820)
EXPENDITURES				
Current:				
General government administration	8,123,203	30,926,557	11,302,937	19,623,620
Total expenditures	8,123,203	30,926,557	11,302,937	19,623,620
Excess (deficiency) of revenues over (under) expenditures	(6,961,203)	(29,899,273)	(10,410,473)	19,488,800
OTHER FINANCING SOURCES				
Transfers in	5,921,626	5,921,626	5,921,626	-
Total other financing sources	5,921,626	5,921,626	5,921,626	-
Net change in fund balance	\$ (1,039,577)	(23,977,647)	(4,488,847)	19,488,800

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2E

Special Revenue Fund

Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses \$	11,019,424	11,019,424	10,787,866	(231,558)
Charges for services	2,000	2,000	1,618	(382)
Fines and forfeitures	-	-	6,200	6,200
Total revenues	11,021,424	11,021,424	10,795,684	(225,740)
EXPENDITURES				
Current:				
Community development	5,770,594	19,806,577	5,347,410	14,459,167
Total expenditures	5,770,594	19,806,577	5,347,410	14,459,167
Excess (deficiency) of revenues over (under) expenditures	5,250,830	(8,785,153)	5,448,274	14,233,427
OTHER FINANCING USES				
Transfers out	(1,465,732)	(1,465,732)	(1,465,732)	-
Transfers out to component units	(1,624,576)	(1,624,576)	(1,624,576)	-
Total other financing uses	(3,090,308)	(3,090,308)	(3,090,308)	-
Net change in fund balance	\$ 2,160,522	(11,875,461)	2,357,966	14,233,427

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2F

Special Revenue Fund

Budgetary Comparison Schedule - Fairfax-Falls Church Community Services Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 21,987,900	24,785,921	22,983,830	(1,802,091)
Charges for services	9,427,293	10,652,874	12,145,182	1,492,308
Total revenues	31,415,193	35,438,795	35,129,012	(309,783)
EXPENDITURES				
Current:				
Health and welfare	109,816,773	115,172,142	112,728,122	2,444,020
Total expenditures	109,816,773	115,172,142	112,728,122	2,444,020
Excess (deficiency) of revenues over (under) expenditures	(78,401,580)	(79,733,347)	(77,599,110)	2,134,237
OTHER FINANCING SOURCES				
Transfers in	78,401,580	78,401,580	78,401,580	-
Total other financing sources	78,401,580	78,401,580	78,401,580	-
Net change in fund balance	\$ -	(1,331,767)	802,470	2,134,237

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2G

Special Revenue Fund

Budgetary Comparison Schedule - Reston Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 5,117,787	5,056,787	5,136,028	79,241
Revenue from the use of money and property	163,169	224,169	129,754	(94,415)
Total revenues	5,280,956	5,280,956	5,265,782	(15,174)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	5,791,907	5,910,548	5,303,914	606,634
Total expenditures	5,791,907	5,910,548	5,303,914	606,634
Net change in fund balance	\$ (510,951)	(629,592)	(38,132)	591,460

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2H

Special Revenue Fund

Budgetary Comparison Schedule - McLean Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	5,000	5,000	-
Charges for services	2,944,607	3,141,455	3,128,811	(12,644)
Revenue from the use of money and property	87,606	112,507	120,265	7,758
Total revenues	3,032,213	3,258,962	3,254,076	(4,886)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	2,813,976	3,189,022	2,832,824	356,198
Total expenditures	2,813,976	3,189,022	2,832,824	356,198
Excess (deficiency) of revenues over (under) expenditures	218,237	69,940	421,252	351,312
OTHER FINANCING USES				
Transfers out	(110,550)	(110,550)	(110,550)	-
Total other financing uses	(110,550)	(110,550)	(110,550)	-
Net change in fund balance	\$ 107,687	(40,610)	310,702	351,312

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2I

Special Revenue Fund

Budgetary Comparison Schedule - Burgundy Village Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 10,771	10,771	11,965	1,194
Revenue from the use of money and property	17,785	21,845	26,510	4,665
Total revenues	28,556	32,616	38,475	5,859
EXPENDITURES				
Current:				
Parks, recreation and cultural	23,155	24,361	24,342	19
Total expenditures	23,155	24,361	24,342	19
Net change in fund balance	\$ 5,401	8,255	14,133	5,878

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2J

Special Revenue Fund

Budgetary Comparison Schedule - Forest Integrated Pest Management Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	-	9,142	9,142
Charges for services	954,155	954,155	1,171,028	216,873
Revenue from the use of money and property	23,070	23,070	22,013	(1,057)
Total revenues	977,225	977,225	1,202,183	224,958
EXPENDITURES				
Current:				
Community development	902,156	902,156	482,187	419,969
Total expenditures	902,156	902,156	482,187	419,969
Net change in fund balance	\$ 75,069	75,069	719,996	644,927

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2K

Special Revenue Fund

Budgetary Comparison Schedule - Consolidated Community Funding Pool Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES	\$ -	-	-	-
EXPENDITURES				
Current:				
Community development	6,278,539	6,637,713	6,431,154	206,559
Total expenditures	6,278,539	6,637,713	6,431,154	206,559
Excess (deficiency) of revenues over (under) expenditures	(6,278,539)	(6,637,713)	(6,431,154)	206,559
OTHER FINANCING SOURCES				
Transfers in	6,278,539	6,278,539	6,278,539	-
Total other financing sources	6,278,539	6,278,539	6,278,539	-
Net change in fund balance	\$ -	(359,174)	(152,615)	206,559

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2L

Special Revenue Fund

Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES	\$ -	-	-	-
EXPENDITURES				
Current:				
General government administration	1,614,912	1,614,912	1,597,328	17,584
Public safety	319,333	319,333	319,333	-
Health and welfare	862,677	970,548	949,092	21,456
Community development	1,090,886	1,090,886	1,086,316	4,570
Parks, recreation, and cultural	2,633,462	2,633,462	2,633,462	-
Nondepartmental	57,657	57,657	57,657	-
Total expenditures	6,578,927	6,686,798	6,643,188	43,610
Excess (deficiency) of revenues over (under) expenditures	(6,578,927)	(6,686,798)	(6,643,188)	43,610
OTHER FINANCING SOURCES				
Transfers in	6,456,429	6,507,747	6,507,747	-
Total other financing sources	6,456,429	6,507,747	6,507,747	-
Net change in fund balance	\$ (122,498)	(179,051)	(135,441)	43,610

COUNTY OF FAIRFAX, VIRGINIA
Special Revenue Fund
Budgetary Comparison Schedule - E-911 Fund (Budget Basis)
For the fiscal year ended June 30, 2003

EXHIBIT D-2M

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Local sales and use taxes	\$ 16,502,383	13,500,000	13,595,615	95,615
Intergovernmental	2,729,562	3,300,214	3,300,214	-
Revenue from the use of money and property	387,126	82,000	88,175	6,175
Total revenues	19,619,071	16,882,214	16,984,004	101,790
EXPENDITURES				
Current:				
Public safety	24,285,165	29,800,695	23,568,974	6,231,721
Total expenditures	24,285,165	29,800,695	23,568,974	6,231,721
Excess (deficiency) of revenues over (under) expenditures	(4,666,094)	(12,918,481)	(6,584,970)	6,333,511
OTHER FINANCING SOURCES				
Transfers in	4,666,094	6,974,098	6,974,098	-
Total other financing sources	4,666,094	6,974,098	6,974,098	-
Net change in fund balance	\$ -	(5,944,383)	389,128	6,333,511

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2N

Special Revenue Fund

Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 648,996	814,031	800,844	(13,187)
Revenue from the use of money and property	103,302	96,333	82,055	(14,278)
Recovered costs	-	525	525	-
Total revenues	752,298	910,889	883,424	(27,465)
EXPENDITURES				
Current:				
Public works	1,179,256	1,361,270	1,333,853	27,417
Total expenditures	1,179,256	1,361,270	1,333,853	27,417
Net change in fund balance	\$ (426,958)	(450,381)	(450,429)	(48)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2o

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Collection and Recycling Operations Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	91,370	91,370	-
Charges for services	11,052,800	10,997,869	10,737,653	(260,216)
Revenue from the use of money and property	315,919	230,278	172,014	(58,264)
Recovered costs	4,170	4,170	12,826	8,656
Other	659,028	745,977	852,240	106,263
Total revenues	12,031,917	12,069,664	11,866,103	(203,561)
EXPENDITURES				
Current:				
Public works	14,381,528	14,765,021	13,667,337	1,097,684
Total expenditures	14,381,528	14,765,021	13,667,337	1,097,684
Excess (deficiency) of revenues over (under) expenditures	(2,349,611)	(2,695,357)	(1,801,234)	894,123
OTHER FINANCING SOURCES				
Transfers in	-	9,622	9,622	-
Total other financing sources	-	9,622	9,622	-
Net change in fund balance	\$ (2,349,611)	(2,685,735)	(1,791,612)	894,123

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2p

Special Revenue Fund

Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses \$	35,760	35,760	48,720	12,960
Charges for services	42,476,333	42,476,333	39,838,700	(2,637,633)
Revenue from the use of money and property	259,588	259,588	313,046	53,458
Recovered costs	-	-	94,529	94,529
Other	363,661	363,661	434,391	70,730
Total revenues	43,135,342	43,135,342	40,729,386	(2,405,956)
EXPENDITURES				
Current:				
Public works	46,578,027	49,221,028	45,668,701	3,552,327
Total expenditures	46,578,027	49,221,028	45,668,701	3,552,327
Excess (deficiency) of revenues over (under) expenditures	(3,442,685)	(6,085,686)	(4,939,315)	1,146,371
OTHER FINANCING SOURCES				
Transfers in	3,439,291	3,439,291	3,439,291	-
Total other financing sources	3,439,291	3,439,291	3,439,291	-
Net change in fund balance	\$ (3,394)	(2,646,395)	(1,500,024)	1,146,371

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2Q

Special Revenue Fund

Budgetary Comparison Schedule - Energy Resource Recovery Facility Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 33,159,980	34,133,627	34,110,559	(23,068)
Revenue from the use of money and property	221,293	181,029	135,480	(45,549)
Other	250,000	254,573	298,945	44,372
Total revenues	33,631,273	34,569,229	34,544,984	(24,245)
EXPENDITURES				
Current:				
Public works	33,891,795	34,829,751	29,335,253	5,494,498
Total expenditures	33,891,795	34,829,751	29,335,253	5,494,498
Net change in fund balance	\$ (260,522)	(260,522)	5,209,731	5,470,253

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2R

Special Revenue Fund

Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	7,200	-
Charges for services	4,896,589	4,794,327	4,563,196	(231,131)
Revenue from the use of money and property	1,525,553	1,650,708	1,167,762	(482,946)
Recovered costs	2,522	2,522	2,522	-
Other	209,078	211,600	198,515	(13,085)
Total revenues	6,640,942	6,666,357	5,939,195	(727,162)
EXPENDITURES				
Current:				
Public works	5,671,914	30,349,799	5,782,650	24,567,149
Total expenditures	5,671,914	30,349,799	5,782,650	24,567,149
Net change in fund balance	\$ 969,028	(23,683,442)	156,545	23,839,987

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2s

Special Revenue Fund

Budgetary Comparison Schedule - Community Development Block Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,235,000	14,324,451	6,233,384	(8,091,067)
Revenue from the use of money and property	-	228,333	702,711	474,378
Total revenues	6,235,000	14,552,784	6,936,095	(7,616,689)
EXPENDITURES				
Current:				
Community development	6,235,000	15,253,434	6,771,986	8,481,448
Total expenditures	6,235,000	15,253,434	6,771,986	8,481,448
Net change in fund balance	\$ -	(700,650)	164,109	864,759

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2T

Special Revenue Fund

Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Developers' contributions	\$ 772,443	772,443	1,712,491	940,048
Revenue from the use of money and property	194,400	194,400	674,296	479,896
Total revenues	966,843	966,843	2,386,787	1,419,944
EXPENDITURES				
Current:				
Community development	996,843	13,006,416	1,537,201	11,469,215
Total expenditures	996,843	13,006,416	1,537,201	11,469,215
Net change in fund balance	\$ (30,000)	(12,039,573)	849,586	12,889,159

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT D-2U

Special Revenue Fund

Budgetary Comparison Schedule - HOME Investment Partnership Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,078,000	5,822,035	825,802	(4,996,233)
Revenue from the use of money and property	-	444,558	119,720	(324,838)
Total revenues	2,078,000	6,266,593	945,522	(5,321,071)
EXPENDITURES				
Current:				
Community development	2,078,000	6,218,941	1,030,837	5,188,104
Total expenditures	2,078,000	6,218,941	1,030,837	5,188,104
Net change in fund balance	\$ -	47,652	(85,315)	(132,967)

The **Debt Service Funds** are used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses.

County Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to the non-Public Schools portion of the general obligation bond issues, certain lease revenue bonds, and the special assessment bond issue for the McLean Community Center.

School Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to the Public Schools portion of the general obligation bond issues and loans received from the Literary Fund of Virginia.

COUNTY OF FAIRFAX, VIRGINIA
Debt Service Funds
Combining Balance Sheet
June 30, 2003

EXHIBIT E

	County	School	Total Debt Service Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 3,755,303	6,707,599	10,462,902
Loans receivable	15,530,000	-	15,530,000
Due from intergovernmental units	5,757	-	5,757
Restricted assets:			
Cash with fiscal agents	235,883	39,663	275,546
Investments	-	7,171,196	7,171,196
Total assets	\$ 19,526,943	13,918,458	33,445,401
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 98,227	252,806	351,033
Matured bond principal and interest payable	134,755	39,700	174,455
Deferred revenue	126,560	366,279	492,839
Total liabilities	359,542	658,785	1,018,327
Fund balances:			
Reserved for long-term receivables	15,530,000	-	15,530,000
Unreserved	3,637,401	13,259,673	16,897,074
Total fund balances	19,167,401	13,259,673	32,427,074
Total liabilities and fund balances	\$ 19,526,943	13,918,458	33,445,401

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-1

Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	County	School	Total Debt Service Funds
REVENUES			
Intergovernmental	\$ 27,887	-	27,887
Total revenues	27,887	-	27,887
EXPENDITURES			
Principal retirement	64,777,474	69,661,951	134,439,425
Interest and other charges:			
Interest	35,586,192	41,136,400	76,722,592
Refunding escrow	1,392,000	1,508,000	2,900,000
Fiscal agents' and consultants' fees	475,535	605,473	1,081,008
Arbitrage rebate payments	46,832	-	46,832
Total interest and other	37,500,559	43,249,873	80,750,432
Total expenditures	102,278,033	112,911,824	215,189,857
Deficiency of revenues under expenditures	(102,250,146)	(112,911,824)	(215,161,970)
OTHER FINANCING SOURCES (USES)			
Transfers in from:			
General fund	100,089,491	113,604,781	213,694,272
Special revenue funds	110,550	-	110,550
Capital projects funds	230,828	253,960	484,788
Lease revenue bonds issued	15,715,941	7,009,143	22,725,084
Refunding bonds issued	88,557,760	95,335,573	183,893,333
Payments to refunded bond escrow agent	(88,114,470)	(95,427,130)	(183,541,600)
Total other financing sources (uses)	116,590,100	120,776,327	237,366,427
Net change in fund balances	14,339,954	7,864,503	22,204,457
Fund balances, July 1, 2002	4,827,447	5,395,170	10,222,617
Fund balances, June 30, 2003	\$ 19,167,401	13,259,673	32,427,074

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-2A

Debt Service Fund

Budgetary Comparison Schedule - County Debt Service Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final	(Budget Basis)	Positive (Negative)
REVENUES				
Intergovernmental	\$ 120,000	120,000	27,887	(92,113)
Total revenues	120,000	120,000	27,887	(92,113)
EXPENDITURES				
Principal retirement	64,103,245	66,127,254	64,777,474	1,349,780
Interest and other:				
Interest	36,242,196	38,615,146	35,586,192	3,028,954
Fiscal agents' and consultants' fees	117,000	117,000	475,535	(358,535)
Total interest and other	36,359,196	38,732,146	36,061,727	2,670,419
Total expenditures	100,462,441	104,859,400	100,839,201	4,020,199
Excess (deficiency) of revenues over (under) expenditures	(100,342,441)	(104,739,400)	(100,811,314)	3,928,086
OTHER FINANCING SOURCES				
Transfers in from:				
General Fund	100,089,491	100,089,491	100,089,491	-
Special revenue funds	110,550	110,550	110,550	-
Capital projects funds	100,000	100,000	100,000	-
Total other financing sources	100,300,041	100,300,041	100,300,041	-
Net change in fund balance	\$ (42,400)	(4,439,359)	(511,273)	3,928,086

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT E-2B

Debt Service Fund

Budgetary Comparison Schedule - School Debt Service Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 200,000	200,000	-	(200,000)
Total revenues	200,000	200,000	-	(200,000)
EXPENDITURES				
Principal retirement	71,564,408	73,284,770	69,661,451	3,623,319
Interest and other:				
Interest	42,078,510	45,155,406	41,136,400	4,019,006
Fiscal agents' and consultants' fees	205,000	205,000	605,473	(400,473)
Total interest and other	42,283,510	45,360,406	41,741,873	3,618,533
Total expenditures	113,847,918	118,645,176	111,403,324	7,241,852
Excess (deficiency) of revenues over (under) expenditures	(113,647,918)	(118,445,176)	(111,403,324)	7,041,852
OTHER FINANCING SOURCES				
Transfers in from:				
General Fund	113,604,781	113,604,781	113,604,781	-
Total other financing sources	113,604,781	113,604,781	113,604,781	-
Net change in fund balance	\$ (43,137)	(4,840,395)	2,201,457	7,041,852



The **Capital Projects Funds** are used to account for financial resources used for all general County and School construction projects other than enterprise fund construction.

Countywide Roadway Improvement Fund is used to account for funds held in reserve for necessary road construction and improvements for which funding from other sources is not available. Funds are transferred from this fund to other County road construction funds, as approved by the Board of Supervisors.

Contributed Roadway Improvement Fund is used to account for contributions received from developers to fund specific projects in various growth areas of the County.

Library Construction Fund is used to account for design and construction of new County libraries, renovation of existing facilities, and capital equipment expenditures authorized by voter referendum. Projects are funded from the sale of bonds.

County Construction Fund is used to account for renovations essential to the safe and efficient operation of County government buildings, facilities, and equipment. Projects are usually funded by transfers from the General Fund and aid from the State.

Primary and Secondary Road Bond Construction Fund is used to account for road construction and repair authorized by voter referendum. Projects are funded primarily from the sale of bonds. Other sources of funding are developers' contributions and transfers from other funds.

Sidewalk Construction Fund is used to account for the design and construction of sidewalks to provide safe walking conditions for public school students. The Sidewalk Program is undertaken in cooperation with the Public School system and generally involves projects which link residential areas and public schools. Projects are funded by the General Fund.

Public Works Construction Fund is used to account for the construction of various projects including the County's streetlight program, storm drainage projects, and storm water monitoring programs. Projects are funded by transfers from the General Fund, aid from the State, and contributions from developers.

Metro Operations and Construction Fund is used to account for subsidies to the Washington Metropolitan Area Transit Authority for Metrobus/Metrorail operations and Metrorail construction. The cost of the operations and construction is shared by all local jurisdictions in the Washington, D.C. metropolitan area.

Storm Drainage Bond Construction Fund is used to account for the improvement and construction of storm drainage systems. Projects are funded by the sale of bonds.

County Bond Construction Fund is used to account for the design and construction of commuter parking facilities and other transportation improvements, human service facilities, and adult and juvenile detention facilities. These projects are funded by the sale of bonds and Federal Transit Authority grants. In addition, County general obligation bond proceeds that are allocated to the capital projects funds of the discretely presented component units are reported as other financing sources and functional expenditures in this fund.

Public Safety Construction Fund is used to account for the funding of public safety projects, including the design and construction of fire stations, police stations, and the Public Safety Academy. Projects are funded by the sale of bonds.

Trail Construction Fund is used to account for the construction of new trails for pedestrians and bicyclists, upgrades to existing trails, and rebuilding existing trails to current design standards in order to alleviate safety problems. Projects are funded by transfers from the General Fund.

Neighborhood Improvement Fund is used to account for public facilities improvements such as curbs, gutters, sidewalks, storm drainage, and the widening of streets. Projects are funded by the sale of bonds.

Commercial Revitalization Program Fund is used to account for the development and revitalizations of commercial centers. The improvements financed through the program include moving utilities underground, sidewalk construction, street lighting, tree planting, and other pedestrian amenities. Projects are funded by the sale of bonds.

Pro Rata Drainage Construction Fund is used to account for storm drainage projects in accordance with the Pro Rata Share Program approved by the Board of Supervisors on December 16, 1991. Under this program, funding is obtained from land developers who pay a pro rata share of the total estimated cost of necessary storm drainage improvements.

Housing Assistance Program Fund is used to account for the development of low and moderate income housing and the support of public improvement projects in low and moderate income neighborhoods.

Housing General Obligation Bond Construction Fund is used to account for projects that are supported wholly or in part by general obligation bond proceeds. This program involves providing assistance to maintain and improve the infrastructure and housing stock in older neighborhoods where residents have limited financial means to support the improvements.

Northern Virginia Regional Park Authority Fund is used to account for the subsidies to a system of regional parks in the Northern Virginia area which is operated by this Authority. These community resources are supported primarily from the contributions of its member jurisdictions: the Counties of Fairfax, Loudoun, and Arlington, and the Cities of Fairfax, Alexandria, and Falls Church.

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2003

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,506,466	38,656,536	550,000	15,660,766
Receivables:				
Accounts	-	-	-	2,000,000
Accrued interest	-	10,869	-	-
Due from intergovernmental units	-	3,133	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	165,634	-
Investments	-	-	-	69,155,146
Total assets	\$ 1,506,466	38,670,538	715,634	86,815,912
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 29,137	47,101	39,888	542,053
Contract retainages	-	-	100	5,468
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	94,937
Deferred revenue - other	-	-	-	-
Performance and other deposits	-	6,395,963	-	45,925
Total liabilities	29,137	6,443,064	39,988	688,383
Fund balances:				
Reserved for:				
Encumbrances	60,286	697,667	439,434	1,871,804
Certain capital projects	-	-	-	69,155,146
Unreserved (deficits)	1,417,043	31,529,807	236,212	15,100,579
Total fund balances	1,477,329	32,227,474	675,646	86,127,529
Total liabilities and fund balances	\$ 1,506,466	38,670,538	715,634	86,815,912

EXHIBIT F

Primary and Secondary Road Bond Construction	Sidewalk Construction	Public Works Construction	Metro Operations and Construction	Storm Drainage Bond Construction	
1,587,852	3,906,247	11,357,073	4,001,090		ASSETS
-	-	20,000	-		- Equity in pooled cash and temporary investments
-	-	-	-		Receivables:
60,591	316,432	-	-		- Accounts
					- Accrued interest
					- Due from intergovernmental units
11,717,808	-	-	4,432,642	53,571	Restricted assets:
-	-	-	-	-	- Equity in pooled cash and temporary investments
13,366,251	4,222,679	11,377,073	8,433,732	53,571	- Investments
					Total assets
LIABILITIES AND FUND BALANCES					
					Liabilities:
223,327	315,495	619,762	-	217,914	Accounts payable and accrued liabilities
21,942	25,168	14,740	-	35,495	Contract retainages
-	-	1,026,351	-	1,816	Accrued interest payable
-	-	-	-	-	Due to component units
-	-	-	-	-	Deferred revenue - other
12,420	95,430	2,878,575	-	-	Performance and other deposits
257,689	436,093	4,539,428	-	255,225	Total liabilities
					Fund balances:
					Reserved for:
1,200,839	740,414	2,064,850	-	125,715	Encumbrances
10,516,969	-	-	4,432,642	-	Certain capital projects
1,390,754	3,046,172	4,772,795	4,001,090	(327,369)	Unreserved (deficits)
13,108,562	3,786,586	6,837,645	8,433,732	(201,654)	Total fund balances
13,366,251	4,222,679	11,377,073	8,433,732	53,571	Total liabilities and fund balances

continued

COUNTY OF FAIRFAX, VIRGINIA
Capital Projects Funds
Combining Balance Sheet
June 30, 2003

	County Bond Construction	Public Safety Construction	Trail Construction	Neighborhood Improvement
ASSETS				
Equity in pooled cash and temporary investments	\$ 1,335,749	39,444,220	97,127	-
Receivables:				
Accounts	72,264	-	-	-
Accrued interest	-	-	-	-
Due from intergovernmental units	347,316	-	337,914	-
Restricted assets:				
Equity in pooled cash and temporary investments	889,151	23,422,590	-	251,143
Investments	-	-	-	-
Total assets	\$ 2,644,480	62,866,810	435,041	251,143
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 464,382	718,967	25,877	233,580
Contract retainages	665,470	1,633,301	-	44,327
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Deferred revenue - other	-	-	-	-
Performance and other deposits	-	-	-	-
Total liabilities	1,129,852	2,352,268	25,877	277,907
Fund balances:				
Reserved for:				
Encumbrances	2,170,436	4,306,762	19,126	344,798
Certain capital projects	-	19,115,828	-	-
Unreserved (deficits)	(655,808)	37,091,952	390,038	(371,562)
Total fund balances	1,514,628	60,514,542	409,164	(26,764)
Total liabilities and fund balances	\$ 2,644,480	62,866,810	435,041	251,143

EXHIBIT F
concluded

Commerical Revitalization Program	Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	Total Capital Projects Funds	
					ASSETS
-	25,664,200	1,311,328	-	145,078,654	Equity in pooled cash and temporary investments
					Receivables:
-	-	-	-	2,092,264	Accounts
-	-	-	-	10,869	Accrued interest
-	-	-	-	1,065,386	Due from intergovernmental units
					Restricted assets:
882,394	-	-	56,994	41,871,927	Equity in pooled cash and temporary investments
-	-	-	-	69,155,146	Investments
882,394	25,664,200	1,311,328	56,994	259,274,246	Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
457,527	127,331	17,259	-	4,079,600	Accounts payable and accrued liabilities
23,837	11,763	38,018	-	2,519,629	Contract retainages
-	-	-	-	1,028,167	Accrued interest payable
-	-	-	-	94,937	Due to component units
-	25,521,728	-	-	25,521,728	Deferred revenue - other
250,000	-	-	-	9,678,313	Performance and other deposits
731,364	25,660,822	55,277	-	42,922,374	Total liabilities
					Fund balances:
					Reserved for:
6,279,114	2,996,822	783,796	229,613	24,331,476	Encumbrances
-	-	-	-	103,220,585	Certain capital projects
(6,128,084)	(2,993,444)	472,255	(172,619)	88,799,811	Unreserved (deficits)
151,030	3,378	1,256,051	56,994	216,351,872	Total fund balances
882,394	25,664,200	1,311,328	56,994	259,274,246	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	Countywide Roadway Improvement	Contributed Roadway Improvement	Library Construction	County Construction	Primary and Secondary Road Bond Construction
REVENUES					
Intergovernmental	\$ -	1,196,319	-	5,037,776	723,228
Developers' contributions	-	3,717,566	-	-	328,000
Revenue from the use of money and property	-	501,377	-	-	1,823
Recovered costs	-	-	-	2,088,262	235
Total revenues	-	5,415,262	-	7,126,038	1,053,286
EXPENDITURES					
Current:					
General government administration	-	-	-	523,644	-
Public safety	-	-	-	526,232	-
Public works	-	-	-	339,036	-
Health and welfare	-	-	-	1,466,596	-
Community development	209,474	1,622,902	-	639,771	3,202,377
Parks, recreation, and cultural	-	-	77,061	4,133,560	-
Education - for Public Schools	-	-	-	72,500	-
Capital outlay:					
General government administration	-	-	-	319,707	-
Judicial administration	-	-	-	411,944	-
Public safety	-	-	-	1,435,880	-
Public works	-	-	-	350,088	-
Health and welfare	-	-	-	1,487,542	-
Community development	11,800	74,492	-	268,670	185,425
Parks, recreation, and cultural	-	-	102,532	4,074,380	-
Education - for Public Schools	-	-	-	1,873,190	-
Debt service:					
Principal retirement	-	-	-	426,727	-
Interest and other charges	-	-	-	117,875	-
Total expenditures	221,274	1,697,394	179,593	18,467,342	3,387,802
Excess (deficiency) of revenues over (under) expenditures	(221,274)	3,717,868	(179,593)	(11,341,304)	(2,334,516)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	550,000	6,863,312	-
Transfers out	(79,333)	(110,000)	(20,306)	-	-
General obligation bonds issued	-	-	-	-	-
Lease revenue bonds issued	-	-	-	52,900,836	-
Capital leases	-	-	-	70,330	-
Total other financing sources (uses)	(79,333)	(110,000)	529,694	59,834,478	-
SPECIAL ITEM					
Proceeds from the sale of land	-	-	-	18,200,000	-
Net change in fund balances	(300,607)	3,607,868	350,101	66,693,174	(2,334,516)
Fund balances, July 1, 2002	1,777,936	28,619,606	325,545	19,434,355	15,443,078
Fund balances, June 30, 2003	\$ 1,477,329	32,227,474	675,646	86,127,529	13,108,562

EXHIBIT F-1

Sidewalk Construction	Public Works Construction	Metro Operations and Construction	Storm Drainage Bond Construction	
REVENUES				
515,251	2,640,620	-	-	- Intergovernmental
-	-	-	-	- Developers' contributions
-	4,875	-	-	- Revenue from the use of money and property
304	68,454	-	-	- Recovered costs
515,555	2,713,949	-	-	Total revenues
EXPENDITURES				
Current:				
-	-	-	-	- General government administration
-	-	-	-	- Public safety
-	2,943,537	-	1,019,455	- Public works
-	-	-	-	- Health and welfare
757,947	817,479	19,075,916	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	-	-	- Education - for Public Schools
Capital outlay:				
-	-	-	-	- General government administration
-	-	-	-	- Judicial administration
-	-	-	-	- Public safety
-	187,276	-	-	- Public works
-	-	-	-	- Health and welfare
703,367	-	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	-	-	- Education - for Public Schools
Debt service:				
-	-	-	-	- Principal retirement
-	-	-	-	- Interest and other charges
1,461,314	3,948,292	19,075,916	1,019,455	Total expenditures
(945,759)	(1,234,343)	(19,075,916)	(1,019,455)	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)				
-	-	12,382,714	-	- Transfers in
-	(282,682)	(1,435,424)	-	- Transfers out
-	-	-	700,000	- General obligation bonds issued
-	-	-	-	- Lease revenue bonds issued
-	-	-	-	- Capital leases
-	(282,682)	10,947,290	700,000	Total other financing sources (uses)
SPECIAL ITEM				
-	-	-	-	- Proceeds from the sale of land
(945,759)	(1,517,025)	(8,128,626)	(319,455)	Net change in fund balances
4,732,345	8,354,670	16,562,358	117,801	Fund balances, July 1, 2002
3,786,586	6,837,645	8,433,732	(201,654)	Fund balances, June 30, 2003

continued

COUNTY OF FAIRFAX, VIRGINIA

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	County Bond Construction	Public Safety Construction	Trail Construction	Neighborhood Improvement	Commerical Revitalization Program
REVENUES					
Intergovernmental	\$ 4,008,016	-	75,000	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	-	-	-	39,273	-
Recovered costs	6,506	-	-	20,332	889
Total revenues	4,014,522	-	75,000	59,605	889
EXPENDITURES					
Current:					
General government administration	-	-	-	-	-
Public safety	13,170	13,061	-	-	-
Public works	770	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	3,842,510	-	25,774	1,177,808	411,068
Parks, recreation, and cultural	22,300,000	-	-	-	-
Education - for Public Schools	136,400,000	-	-	-	-
Capital outlay:					
General government administration	693,585	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	1,074,603	15,333,311	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	1,054,278	-	23,677	-	1,979,052
Parks, recreation, and cultural	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	165,378,916	15,346,372	49,451	1,177,808	2,390,120
Excess (deficiency) of revenues over (under) expenditures	(161,364,394)	(15,346,372)	25,549	(1,118,203)	(2,389,231)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(2,009,788)	(760,000)	-	(100,000)	-
General obligation bonds issued	162,034,788	37,600,000	-	1,000,000	3,300,000
Lease revenue bonds issued	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	160,025,000	36,840,000	-	900,000	3,300,000
SPECIAL ITEM					
Proceeds from the sale of land	-	-	-	-	-
Net change in fund balances	(1,339,394)	21,493,628	25,549	(218,203)	910,769
Fund balances, July 1, 2002	2,854,022	39,020,914	383,615	191,439	(759,739)
Fund balances, June 30, 2003	\$ 1,514,628	60,514,542	409,164	(26,764)	151,030

EXHIBIT F-1

concluded

Pro Rata Drainage Construction	Housing Assistance Program	Housing General Obligation Bond Construction	Northern Virginia Regional Park Authority	Total Capital Projects Funds	
REVENUES					
2,359	-	-	-	14,198,569	Intergovernmental
-	-	-	-	4,045,566	Developers' contributions
-	6,672	-	-	554,020	Revenue from the use of money and property
1,321,198	49,665	-	-	3,555,845	Recovered costs
1,323,557	56,337	-	-	22,354,000	Total revenues
EXPENDITURES					
Current:					
-	-	-	-	523,644	General government administration
-	-	-	-	552,463	Public safety
1,323,557	-	-	-	5,626,355	Public works
-	-	-	-	1,466,596	Health and welfare
-	1,026,828	29,217	-	32,839,071	Community development
-	-	-	2,250,000	28,760,621	Parks, recreation, and cultural
-	-	-	-	136,472,500	Education - for Public Schools
Capital outlay:					
-	-	-	-	1,013,292	General government administration
-	-	-	-	411,944	Judicial administration
-	-	-	-	17,843,794	Public safety
-	-	-	-	537,364	Public works
-	-	-	-	1,487,542	Health and welfare
-	564,012	-	-	4,864,773	Community development
-	-	-	-	4,176,912	Parks, recreation, and cultural
-	-	-	-	1,873,190	Education - for Public Schools
Debt service:					
-	-	-	-	426,727	Principal retirement
-	-	-	-	117,875	Interest and other charges
1,323,557	1,590,840	29,217	2,250,000	238,994,663	Total expenditures
Excess (deficiency) of revenues over (under) expenditures					
-	(1,534,503)	(29,217)	(2,250,000)	(216,640,663)	
OTHER FINANCING SOURCES (USES)					
-	1,600,000	-	-	21,396,026	Transfers in
-	-	-	-	(4,797,533)	Transfers out
-	-	-	2,250,000	206,884,788	General obligation bonds issued
-	-	-	-	52,900,836	Lease revenue bonds issued
-	-	-	-	70,330	Capital leases
-	1,600,000	-	2,250,000	276,454,447	Total other financing sources (uses)
SPECIAL ITEM					
-	-	-	-	18,200,000	Proceeds from the sale of land
-	65,497	(29,217)	-	78,013,784	Net change in fund balances
3,378	1,190,554	86,211	-	138,338,088	Fund balances, July 1, 2002
3,378	1,256,051	56,994	-	216,351,872	Fund balances, June 30, 2003



The **Internal Service Funds** are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

Central Stores Fund is used to account for the acquisition and issuance of certain office supplies and maintenance items to various departments.

Vehicle Services Fund is used to account for the acquisition of certain motor vehicles and the costs associated with the operation thereof by various departments of the reporting entity.

Self-Insurance Fund is used to account for the costs associated with meeting the County's casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to County employees who sustain occupational injuries. This fund utilizes claims and insurance management, rehabilitation, safety programs, and risk administration to minimize risk and loss potential.

Document Services Fund is used to account for the costs associated with providing printing, copying, and micrographic services to various departments of the reporting entity.

Technology Infrastructure Services Fund is used to account for the costs associated with providing data center and network services to County departments through the operation and maintenance of a mainframe computer, data communications equipment, and radio networks.

Health Benefits Fund is used to account for the provision of a comprehensive health insurance benefits program to County employees.

Retiree Health Benefits Fund is used to account for subsidy payments of \$100 per month to eligible retirees of the County and certain surviving spouses to help pay for health insurance coverage in a plan provided by the County.

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2003

	Central Stores	Vehicle Services	Self- Insurance	Document Services
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 177,460	26,186,540	26,632,212	633,480
Accounts receivable	-	-	-	137,583
Accrued interest receivable	-	-	7,270	-
Interfund receivables	-	-	-	-
Inventories of supplies	-	1,474,895	-	2,785
Other assets	-	-	1,306	-
Total current assets	177,460	27,661,435	26,640,788	773,848
Noncurrent assets:				
Restricted assets - Cash with fiscal agents	-	-	187,000	-
Capital assets:				
Land	-	1,938,688	-	-
Equipment	-	49,623,188	-	806,597
Buildings and improvements	-	14,728,508	-	-
Accumulated depreciation	-	(37,024,259)	-	(511,995)
Total capital assets, net	-	29,266,125	-	294,602
Total noncurrent assets	-	29,266,125	187,000	294,602
Total assets	177,460	56,927,560	26,827,788	1,068,450
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	78,591	2,183,379	13,769	544,557
Accrued salaries and benefits	-	502,518	26,771	38,789
Interfund payables	-	135,247	5,533	9,997
Compensated absences payable	-	1,092,006	54,403	56,894
Insurance and benefit claims payable	-	-	7,625,869	-
Total current liabilities	78,591	3,913,150	7,726,345	650,237
Noncurrent liabilities:				
Compensated absences payable	-	669,294	33,344	34,870
Insurance and benefit claims payable	-	-	13,618,677	-
Total noncurrent liabilities	-	669,294	13,652,021	34,870
Total liabilities	78,591	4,582,444	21,378,366	685,107
NET ASSETS				
Invested in capital assets	-	29,266,125	-	294,602
Unrestricted	98,869	23,078,991	5,449,422	88,741
Total net assets	\$ 98,869	52,345,116	5,449,422	383,343

EXHIBIT G

Technology Infrastructure Services	Health Benefits	Retiree Health Benefits	Total Internal Service Funds	
ASSETS				
Current assets:				
12,237,380	14,648,966	144,453	80,660,491	Equity in pooled cash and temporary investments
1,329	-	-	138,912	Accounts receivable
-	3,391	-	10,661	Accrued interest receivable
-	299,089	-	299,089	Interfund receivables
123,255	-	-	1,600,935	Inventories of supplies
-	-	-	1,306	Other assets
12,361,964	14,951,446	144,453	82,711,394	Total current assets
Noncurrent assets:				
-	-	-	187,000	Restricted assets - Cash with fiscal agents
Capital assets:				
-	-	-	1,938,688	Land
11,175,190	-	-	61,604,975	Equipment
873,642	-	-	15,602,150	Buildings and improvements
(8,875,967)	-	-	(46,412,221)	Accumulated depreciation
3,172,865	-	-	32,733,592	Total capital assets, net
3,172,865	-	-	32,920,592	Total noncurrent assets
15,534,829	14,951,446	144,453	115,631,986	Total assets
LIABILITIES				
Current liabilities:				
1,251,260	5,336	-	4,076,892	Accounts payable and accrued liabilities
183,799	-	2,650	754,527	Accrued salaries and benefits
38,442	-	861	190,080	Interfund payables
448,112	-	-	1,651,415	Compensated absences payable
-	7,095,585	-	14,721,454	Insurance and benefit claims payable
1,921,613	7,100,921	3,511	21,394,368	Total current liabilities
Noncurrent liabilities:				
274,650	-	-	1,012,158	Compensated absences payable
-	-	-	13,618,677	Insurance and benefit claims payable
274,650	-	-	14,630,835	Total noncurrent liabilities
2,196,263	7,100,921	3,511	36,025,203	Total liabilities
NET ASSETS				
3,172,865	-	-	32,733,592	Invested in capital assets
10,165,701	7,850,525	140,942	46,873,191	Unrestricted
13,338,566	7,850,525	140,942	79,606,783	Total net assets

COUNTY OF FAIRFAX, VIRGINIA

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets

For the fiscal year ended June 30, 2003

	Central Stores	Vehicle Services	Self- Insurance	Document Services
OPERATING REVENUES:				
Charges for services	\$ 1,529,686	45,374,083	11,621,689	4,065,624
Recovered costs	-	172,504	-	-
Total operating revenues	1,529,686	45,546,587	11,621,689	4,065,624
OPERATING EXPENSES:				
Personnel services	-	14,344,910	806,138	1,018,591
Materials and supplies	1,617,354	-	-	1,018,917
Equipment operation and maintenance	-	18,795,288	-	3,682,600
Risk financing and benefit payments	-	-	11,618,343	-
Depreciation and amortization	-	8,213,825	-	86,279
Professional consultant and contractual services	-	104,015	91,935	1,290,062
Other	-	-	-	360
Total operating expenses	1,617,354	41,458,038	12,516,416	7,096,809
Operating income (loss)	(87,668)	4,088,549	(894,727)	(3,031,185)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	-	-	276,627	-
Gain (loss) on disposal of capital assets	-	231,642	-	(743)
Total nonoperating revenues (expenses)	-	231,642	276,627	(743)
Income (loss) before operating transfers	(87,668)	4,320,191	(618,100)	(3,031,928)
Transfers in	-	-	-	1,900,000
Transfers out	-	(1,700,000)	-	-
Change in net assets	(87,668)	2,620,191	(618,100)	(1,131,928)
Total net assets, July 1, 2002	186,537	49,724,925	6,067,522	1,515,271
Total net assets, June 30, 2003	\$ 98,869	52,345,116	5,449,422	383,343

EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Retiree Health Benefits	Total Internal Service Funds	
OPERATING REVENUES:				
19,690,712	55,823,273	2,228,491	140,333,558	Charges for services
-	-	-	172,504	Recovered costs
19,690,712	55,823,273	2,228,491	140,506,062	Total operating revenues
OPERATING EXPENSES:				
4,892,917	-	61,253	21,123,809	Personnel services
392,829	-	-	3,029,100	Materials and supplies
9,144,404	-	-	31,622,292	Equipment operation and maintenance
-	49,712,862	2,136,304	63,467,509	Risk financing and benefit payments
909,243	-	-	9,209,347	Depreciation and amortization
4,910,440	-	-	6,396,452	Professional consultant and contractual services
103,668	38,668	-	142,696	Other
20,353,501	49,751,530	2,197,557	134,991,205	Total operating expenses
(662,789)	6,071,743	30,934	5,514,857	Operating income (loss)
NONOPERATING REVENUES (EXPENSES):				
-	106,042	-	382,669	Interest revenue
22,719	-	-	253,618	Gain (loss) on disposal of capital assets
22,719	106,042	-	636,287	Total nonoperating revenues (expenses)
(640,070)	6,177,785	30,934	6,151,144	Income (loss) before operating transfers
-	-	-	1,900,000	Transfers in
-	-	-	(1,700,000)	Transfers out
(640,070)	6,177,785	30,934	6,351,144	Change in net assets
13,978,636	1,672,740	110,008	73,255,639	Total net assets, July 1, 2002
13,338,566	7,850,525	140,942	79,606,783	Total net assets, June 30, 2003

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2003

	Central Stores	Vehicle Services	Self- Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,529,686	45,546,585	11,621,689
Payments to suppliers	(721,417)	(13,522,831)	-
Payments to employees	-	(14,252,188)	(806,089)
Claims and benefits paid	-	-	(9,702,567)
Payments for interfund services used	-	(4,800,978)	(156,536)
Net cash provided (used) by operating activities	808,269	12,970,588	956,497
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of loan to General Fund	(630,809)	-	-
Transfers to other funds	-	(1,700,000)	-
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(630,809)	(1,700,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	757,822	-
Purchase of capital assets	-	(7,615,292)	-
Net cash used by capital and related financing activities	-	(6,857,470)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	281,896
Net cash provided by investing activities	-	-	281,896
Net increase (decrease) in cash and cash equivalents	177,460	4,413,118	1,238,393
Cash and cash equivalents, July 1, 2002	-	21,773,422	25,393,819
Cash and cash equivalents, June 30, 2003	\$ 177,460	26,186,540	26,632,212
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (87,668)	4,088,549	(894,727)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	8,213,825	-
Change in assets and liabilities:			
Decrease in accounts receivable	-	-	-
(Increase) in interfund receivables	-	-	-
(Increase) decrease in inventories of supplies	822,184	14,784	-
(Increase) in other assets	-	-	(1,081)
Increase (decrease) in accounts payable and accrued liabilities	73,753	560,708	1,851,174
Increase in accrued salaries and benefits	-	58,574	468
Increase (decrease) in interfund payables	-	34,148	663
Total adjustments to operating income (loss)	895,937	8,882,039	1,851,224
Net cash provided (used) by operating activities	\$ 808,269	12,970,588	956,497

EXHIBIT G-2

Document Services	Technology Infrastructure Services	
CASH FLOWS FROM OPERATING ACTIVITIES		
4,237,834	19,691,038	Receipts from interfund services provided
-	-	Payments to suppliers
(1,006,659)	(4,866,421)	Payments to employees
-	-	Claims and benefits paid
(5,997,954)	(14,393,984)	Payments for interfund services used
(2,766,779)	430,633	Net cash provided (used) by operating activities
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
-	-	Payment of loan to General Fund
-	-	Transfers to other funds
1,900,000	-	Transfers from other funds
1,900,000	-	Net cash provided (used) by noncapital financing activities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
-	22,719	Proceeds from sale of capital assets
(42,225)	(1,579,754)	Purchase of capital assets
(42,225)	(1,557,035)	Net cash used by capital and related financing activities
CASH FLOWS FROM INVESTING ACTIVITIES		
-	-	Interest received
-	-	Net cash provided by investing activities
(909,004)	(1,126,402)	Net increase (decrease) in cash and cash equivalents
1,542,484	13,363,782	Cash and cash equivalents, July 1, 2002
633,480	12,237,380	Cash and cash equivalents, June 30, 2003
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
(3,031,185)	(662,789)	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
86,279	909,243	Depreciation and amortization
Change in assets and liabilities:		
172,212	326	Decrease in accounts receivable
-	-	(Increase) in interfund receivables
8,538	(11,204)	(Increase) decrease in inventories of supplies
-	-	(Increase) in other assets
(14,555)	168,561	Increase (decrease) in accounts payable and accrued liabilities
8,337	18,888	Increase in accrued salaries and benefits
3,595	7,608	Increase (decrease) in interfund payables
264,406	1,093,422	Total adjustments to operating income (loss)
(2,766,779)	430,633	Net cash provided (used) by operating activities

continued

COUNTY OF FAIRFAX, VIRGINIA
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended June 30, 2003

EXHIBIT G-2
concluded

	Health Benefits	Retiree Health Benefits	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 55,711,821	2,228,491	140,567,144
Payments to suppliers	-	-	(14,244,248)
Payments to employees	-	(77,218)	(21,008,575)
Claims and benefits paid	(48,954,050)	(2,119,723)	(60,776,340)
Payments for interfund services used	-	-	(25,349,452)
Net cash provided (used) by operating activities	6,757,771	31,550	19,188,529
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of loan to General Fund			(630,809)
Transfers to other funds	-	-	(1,700,000)
Transfers from other funds	-	-	1,900,000
Net cash provided (used) by noncapital financing activities	-	-	(430,809)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	-	780,541
Purchase of capital assets	-	-	(9,237,271)
Net cash used by capital and related financing activities	-	-	(8,456,730)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	106,011	-	387,907
Net cash provided by investing activities	106,011	-	387,907
Net increase (decrease) in cash and cash equivalents	6,863,782	31,550	10,688,897
Cash and cash equivalents, July 1, 2002	7,785,184	112,903	69,971,594
Cash and cash equivalents, June 30, 2003	\$ 14,648,966	144,453	80,660,491
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 6,071,743	30,934	5,514,857
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	9,209,347
Change in assets and liabilities:			
Decrease in accounts receivable	-	-	172,538
(Increase) in interfund receivables	(111,452)	-	(111,452)
(Increase) decrease in inventories of supplies	-	-	834,302
(Increase) in other assets	-	-	(1,081)
Increase (decrease) in accounts payable and accrued liabilities	797,480	-	3,437,121
Increase in accrued salaries and benefits	-	366	86,633
Increase (decrease) in interfund payables	-	250	46,264
Total adjustments to operating income (loss)	686,028	616	13,673,672
Net cash provided (used) by operating activities	\$ 6,757,771	31,550	19,188,529

The **Fiduciary Funds** are used to account for assets held by the County in a trustee or agency capacity and include the pension trust funds and agency funds. Pension trust funds account for assets held by the County under terms of a formal trust agreement. Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension Trust Funds are used to account for employee retirement systems that provide pension benefits for various classes of County employees. The County maintains three employee retirement funds: the Uniformed Retirement Fund, the Employees' Retirement Fund, and the Police Officers Retirement Fund.

Sanitary Reimbursement Fund is an agency fund used to account for the collection of contributions from beneficiary developers toward the construction of major sewer lines and the reimbursement of these funds to the primary developers.

Special Welfare Fund is an agency fund used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. These funds include money from the State, individuals, organizations, and churches.

Resource Recovery Fund is an agency fund used to account for the assets of the commercial entity that operates the mass burn facility located near Interstate 95. This is the fund of the Fairfax County Solid Waste Authority, a blended component unit.

Vienna/Huntington Metrorail Fund is an agency fund used to account for certain funds related to the construction and operation of parking facilities at WMATA's Vienna and Huntington Metrorail Stations.

State Taxes Fund is an agency fund used to account for the collection of sheriff's fees and the subsequent remittances to the Commonwealth of Virginia.

Route 28 Fund is an agency fund used to account for the collection of assessments on industrial and commercial properties for transportation improvements to Route 28 and the subsequent remittances of these funds to the Commonwealth of Virginia.

Lake Barcroft Fund is an agency fund used to account for the collection of special assessments from property owners in the Lake Barcroft area and the subsequent remittances of these funds to the Commonwealth of Virginia.

Northern Virginia Regional Identification System Fund is an agency fund used to account for funds received from local jurisdictions in the Washington, D.C. metropolitan area for the operation of a regional fingerprint center.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Fiduciary Net Assets
June 30, 2003

EXHIBIT H

	Pension Trust Funds			Total
	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Pension Trust Funds
ASSETS				
Equity in pooled cash and temporary investments	\$ 5,556,834	4,360,347	268,508	10,185,689
Cash collateral for securities lending	51,163,036	125,085,313	54,309,204	230,557,553
Accounts receivable	875,420	914,714	489,173	2,279,307
Accrued interest and dividends receivable	1,811,095	7,932,458	2,520,099	12,263,652
Receivable from sale of pension investments	46,935,063	14,779,022	5,465,276	67,179,361
Investments, at fair value	711,159,552	1,775,336,640	587,315,859	3,073,812,051
Equipment	-	-	-	-
Total assets	817,501,000	1,928,408,494	650,368,119	3,396,277,613
LIABILITIES				
Accounts payable and accrued liabilities	970,943	2,772,658	887,079	4,630,680
Accrued salaries and benefits	7,009	32,712	7,009	46,730
Payable for purchase of pension investments	107,998,834	20,393,271	3,274,099	131,666,204
Liabilities for collateral received under securities lending agreements	51,163,036	125,085,313	54,309,204	230,557,553
Liabilities under reimbursement agreements	-	-	-	-
Interfund payable	-	10,800	-	10,800
Obligations under capital leases	-	-	-	-
Total liabilities	160,139,822	148,294,754	58,477,391	366,911,967
NET ASSETS				
Held in trust for pension benefits	\$ 657,361,178	1,780,113,740	591,890,728	3,029,365,646

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Fiduciary Net Assets
June 30, 2003

	Agency				
	Sanitary Reimbursement	Special Welfare	Resource Recovery	Vienna/ Huntington Metrorail	State Taxes
ASSETS					
Equity in pooled cash and temporary investments	\$ 1,784,293	607,476	-	-	25,200
Cash collateral for securities lending	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Accrued interest and dividends receivable	524	153	-	-	-
Receivable from sale of pension investments	-	-	-	-	-
Investments, at fair value	-	-	31,381,553	6,844,240	-
Equipment	-	-	-	-	-
Total assets	1,784,817	607,629	31,381,553	6,844,240	25,200
LIABILITIES					
Accounts payable and accrued liabilities	825	1,533	-	-	-
Accrued salaries and benefits	-	-	-	-	-
Payable for purchase of pension investments	-	-	-	-	-
Liabilities for collateral received under securities lending agreements	-	-	-	-	-
Liabilities under reimbursement agreements	1,783,992	606,096	31,381,553	6,844,240	25,200
Interfund payable	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-
Total liabilities	\$ 1,784,817	607,629	31,381,553	6,844,240	25,200
NET ASSETS					
Held in trust for pension benefits					

EXHIBIT H
 concluded

Funds					
Route 28	Lake Barcroft	NOVA Regional ID System	Total Agency Funds	Total Fiduciary Funds	
ASSETS					
67,580	-	44,431	2,528,980	12,714,669	Equity in pooled cash and temporary investments
-	-	-	-	230,557,553	Cash collateral for securities lending
65,610	10,615	-	76,225	2,355,532	Accounts receivable
98	-	18	793	12,264,445	Accrued interest and dividends receivable
-	-	-	-	67,179,361	Receivable from sale of pension investments
-	-	-	38,225,793	3,112,037,844	Investments, at fair value
-	-	2,273,200	2,273,200	2,273,200	Equipment
133,288	10,615	2,317,649	43,104,991	3,439,382,604	Total assets
LIABILITIES					
131,260	6,263	28	139,909	4,770,589	Accounts payable and accrued liabilities
-	-	-	-	46,730	Accrued salaries and benefits
-	-	-	-	131,666,204	Payable for purchase of pension investments
-	-	-	-	230,557,553	Liabilities for collateral received under securities lending agreements
2,028	-	1,309,030	41,952,139	41,952,139	Liabilities under reimbursement agreements
-	4,352	-	4,352	15,152	Interfund payable
-	-	1,008,591	1,008,591	1,008,591	Obligations under capital leases
133,288	10,615	2,317,649	43,104,991	410,016,958	Total liabilities
NET ASSETS					
				\$ 3,029,365,646	Held in trust for pension benefits



COUNTY OF FAIRFAX, VIRGINIA
Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2003

EXHIBIT H-1

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 23,027,237	31,983,708	12,923,806	67,934,751
Plan members	7,478,708	25,467,082	8,941,529	41,887,319
Total contributions	30,505,945	57,450,790	21,865,335	109,822,070
Investment income:				
From investment activities:				
Net appreciation in fair value of investments	24,262,226	24,969,994	6,302,740	55,534,960
Interest	9,719,912	52,881,972	13,063,079	75,664,963
Dividends	2,293,937	18,986,056	6,427,567	27,707,560
Total income from investment activities	36,276,075	96,838,022	25,793,386	158,907,483
Less investment activities expenses:				
Management fees	2,530,256	6,983,778	2,391,187	11,905,221
Other	340,593	735,024	274,699	1,350,316
Total investment activities expenses	2,870,849	7,718,802	2,665,886	13,255,537
Net income from investment activities	33,405,226	89,119,220	23,127,500	145,651,946
From securities lending activities:				
Securities lending income	785,690	1,662,248	580,746	3,028,684
Less securities lending expenses:				
Borrower rebates	543,329	1,204,713	408,801	2,156,843
Management fees	71,090	136,466	50,733	258,289
Total securities lending activities expenses	614,419	1,341,179	459,534	2,415,132
Net income from securities lending activities	171,271	321,069	121,212	613,552
Net investment income	33,576,497	89,440,289	23,248,712	146,265,498
Total additions	64,082,442	146,891,079	45,114,047	256,087,568
DEDUCTIONS				
Benefits	23,863,933	79,442,356	25,803,466	129,109,755
Refunds of contributions	259,624	3,425,017	525,574	4,210,215
Administrative expenses	223,110	845,537	210,934	1,279,581
Total deductions	24,346,667	83,712,910	26,539,974	134,599,551
Net increase	39,735,775	63,178,169	18,574,073	121,488,017
Net assets, July 1, 2002	617,625,403	1,716,935,571	573,316,655	2,907,877,629
Net assets, June 30, 2003	\$ 657,361,178	1,780,113,740	591,890,728	3,029,365,646

COUNTY OF FAIRFAX, VIRGINIA

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 2003

	Balances July 1, 2002	Additions	Deductions	Balances June 30, 2003
Sanitary Reimbursement:				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,809,496	1,172,734	1,197,937	1,784,293
Accrued interest receivable	679	524	679	524
Total assets	1,810,175	1,173,258	1,198,616	1,784,817
Liabilities:				
Accounts payable and accrued liabilities	619	1,169,850	1,169,644	825
Liabilities under reimbursement agreements	1,809,556	1,144,843	1,170,407	1,783,992
Total liabilities	1,810,175	2,314,693	2,340,051	1,784,817
Special Welfare:				
Assets:				
Equity in pooled cash and temporary investments	613,320	1,874,397	1,880,241	607,476
Accrued interest receivable	267	153	267	153
Due from intergovernmental units	34,447	360,183	394,630	-
Total assets	648,034	2,234,733	2,275,138	607,629
Liabilities:				
Accounts payable and accrued liabilities	1,789	231,849	232,105	1,533
Liabilities under reimbursement agreements	646,245	1,245,976	1,286,125	606,096
Total liabilities	648,034	1,477,825	1,518,230	607,629
Resource Recovery:				
Assets:				
Cash with fiscal agents	-	222,574,291	222,574,291	-
Investments	32,827,798	197,145,476	198,591,721	31,381,553
Total assets	32,827,798	419,719,767	421,166,012	31,381,553
Liabilities:				
Liabilities under reimbursement agreements	32,827,798	443,522,393	444,968,638	31,381,553
Total liabilities	32,827,798	443,522,393	444,968,638	31,381,553
Vienna/Huntington Metrorail:				
Assets:				
Cash with fiscal agents	-	23,295,707	23,295,707	-
Investments	7,284,974	22,094,005	22,534,739	6,844,240
Total assets	7,284,974	45,389,712	45,830,446	6,844,240
Liabilities:				
Accounts payable and accrued liabilities	63,627	-	63,627	-
Liabilities under reimbursement agreements	7,221,347	48,816,427	49,193,534	6,844,240
Total liabilities	7,284,974	48,816,427	49,257,161	6,844,240
State Taxes:				
Assets:				
Equity in pooled cash and temporary investments	-	918,606	893,406	25,200
Total assets	-	918,606	893,406	25,200
Liabilities:				
Liabilities under reimbursement agreements	-	918,606	893,406	25,200
Total liabilities	\$ -	918,606	893,406	25,200

EXHIBIT H-2

	Balances July 1, 2002	Additions	Deductions	Balances June 30, 2003
Route 28				
Assets:				
Equity in pooled cash and temporary investments	\$ 1,733	7,205,025	7,139,178	67,580
Accounts receivable	32,183	6,087,698	6,054,271	65,610
Accrued interest receivable	2	98	2	98
Total assets	33,918	13,292,821	13,193,451	133,288
Liabilities:				
Accounts payable and accrued liabilities	32,206	6,239,215	6,140,161	131,260
Liabilities under reimbursement agreements	1,712	7,198,430	7,198,114	2,028
Total liabilities	33,918	13,437,645	13,338,275	133,288
Lake Barcroft				
Assets:				
Equity in pooled cash and temporary investments	-	626,028	626,028	-
Accounts receivable	11,112	621,428	621,925	10,615
Total assets	11,112	1,247,456	1,247,953	10,615
Liabilities:				
Accounts payable and accrued liabilities	11,112	1,252,453	1,257,302	6,263
Interfund payable	-	4,352	-	4,352
Total liabilities	11,112	1,256,805	1,257,302	10,615
NOVA Regional ID System				
Assets:				
Equity in pooled cash and temporary investments	59,436	483,684	498,689	44,431
Accrued interest receivable	30	18	30	18
Equipment	2,328,200	-	55,000	2,273,200
Total assets	2,387,666	483,702	553,719	2,317,649
Liabilities:				
Accounts payable and accrued liabilities	60	202,683	202,715	28
Liabilities under reimbursement agreements	1,165,004	1,500,507	1,356,481	1,309,030
Obligations under capital leases	1,222,602	-	214,011	1,008,591
Total liabilities	2,387,666	1,703,190	1,773,207	2,317,649
Total Agency Funds:				
Assets:				
Equity in pooled cash and temporary investments	2,483,985	12,280,474	12,235,479	2,528,980
Cash with fiscal agent	-	245,869,998	245,869,998	-
Accounts receivable	43,295	6,709,126	6,676,196	76,225
Accrued interest receivable	978	793	978	793
Due from intergovernmental units	34,447	360,183	394,630	-
Investments	40,112,772	219,239,481	221,126,460	38,225,793
Equipment	2,328,200	-	55,000	2,273,200
Total assets	45,003,677	484,460,055	486,358,741	43,104,991
Liabilities:				
Accounts payable and accrued liabilities	109,413	9,096,050	9,065,554	139,909
Liabilities under reimbursement agreements	43,671,662	504,347,182	506,066,705	41,952,139
Interfund payable	-	4,352	-	4,352
Obligations under capital leases	1,222,602	-	214,011	1,008,591
Total liabilities	\$ 45,003,677	513,447,584	515,346,270	43,104,991



The **Capital Assets** schedules report assets that have been acquired for the activities of the governmental funds. The costs of such assets are recorded as expenditures in the General Fund, special revenue funds, and capital projects funds upon acquisition.



COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source (1)
June 30, 2003

EXHIBIT I

	Governmental Funds
Governmental funds capital assets:	
Land	\$ 325,608,116
Construction in progress	21,741,560
Equipment	161,821,164
Library collections	39,451,246
Buildings	709,663,367
Improvements	60,173,518
Infrastructure	415,525,167
Total governmental funds capital assets	<u>\$ 1,733,984,138</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 1,031,213,692
Special revenue funds	133,985,765
Capital projects funds	519,842,885
Gifts and donations	48,941,796
Total governmental funds capital assets	<u>\$ 1,733,984,138</u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (1)
June 30, 2003

Function and Activity	Land	Equipment	Library Collections	Buildings
General government administration:				
Legislative	\$ 107,422,056	-	-	91,433,873
General and financial administration	19,610,306	29,170,711	-	122,745,252
Board of Elections	-	111,805	-	-
Total general government administration	127,032,362	29,282,516	-	214,179,125
Judicial administration:				
Courts	-	1,478,213	-	193,555
Commonwealth's Attorney	61,298	820,648	-	39,322,853
Total judicial administration	61,298	2,298,861	-	39,516,408
Public safety:				
Law enforcement	425,806	18,065,512	-	119,113,936
Fire and rescue services	6,181,652	23,472,835	-	44,892,810
Correction and detention	-	82,243	-	4,461,234
Inspections	-	1,124,034	-	5,377
Other protection	-	2,299,074	-	390,055
Total public safety	6,607,458	45,043,698	-	168,863,412
Public works:				
Maintenance of streets, roads, and bridges	15,840	2,743,035	-	119,704,969
Sanitation and waste removal	103,877,170	24,436,073	-	3,157,632
Maintenance of buildings and grounds	958,660	1,543,456	-	42,493
Total public works	104,851,670	28,722,564	-	122,905,094
Health and welfare:				
Health	4,545,842	1,299,687	-	57,690,804
Mental health and mental retardation	1,075,495	805,504	-	15,338,826
Welfare/social services	-	6,333,434	-	2,494,973
Total health and welfare	5,621,337	8,438,625	-	75,524,603
Community development:				
Planning and community development	70,814,287	45,318,895	-	37,858,312
Environmental management	-	226,333	-	-
Cooperative extension program	-	-	-	-
Total community development	70,814,287	45,545,228	-	37,858,312
Parks, recreation, and cultural:				
Parks and recreation	3,600,371	1,736,364	-	6,766,305
Library	7,019,333	753,308	39,451,246	44,050,108
Total parks, recreation, and cultural	10,619,704	2,489,672	39,451,246	50,816,413
Construction in progress				
Total governmental funds capital assets	\$ 325,608,116	161,821,164	39,451,246	709,663,367

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

EXHIBIT I-1

Improvements	Infrastructure	Total	Function and Activity
General government administration:			
5,096,902	-	203,952,831	Legislative
2,016,974	219,036	173,762,279	General and financial administration
-	-	111,805	Board of Elections
7,113,876	219,036	377,826,915	Total general government administration
Judicial administration:			
-	-	1,671,768	Courts
131,052	-	40,335,851	Commonwealth's Attorney
131,052	-	42,007,619	Total judicial administration
Public safety:			
1,356,239	-	138,961,493	Law enforcement
3,224,579	-	77,771,876	Fire and rescue services
-	20,418,142	24,961,619	Correction and detention
-	-	1,129,411	Inspections
1,413,564	-	4,102,693	Other protection
5,994,382	20,418,142	246,927,092	Total public safety
Public works:			
7,205,604	291,285,724	420,955,172	Maintenance of streets, roads, and bridges
2,743,453	-	134,214,328	Sanitation and waste removal
1,244,404	-	3,789,013	Maintenance of buildings and grounds
11,193,461	291,285,724	558,958,513	Total public works
Health and welfare:			
214,594	-	63,750,927	Health
395,230	-	17,615,055	Mental health and mental retardation
353,115	-	9,181,522	Welfare/social services
962,939	-	90,547,504	Total health and welfare
Community development:			
17,454,507	103,602,265	275,048,266	Planning and community development
-	-	226,333	Environmental management
1,299,107	-	1,299,107	Cooperative extension program
18,753,614	103,602,265	276,573,706	Total community development
Parks, recreation, and cultural:			
13,283,990	-	25,387,030	Parks and recreation
2,740,204	-	94,014,199	Library
16,024,194	-	119,401,229	Total parks, recreation, and cultural
			21,741,560 Construction in progress
60,173,518	415,525,167	1,733,984,138	Total governmental funds capital assets

COUNTY OF FAIRFAX, VIRGINIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)
For the fiscal year ended June 30, 2003

EXHIBIT I-2

Function and Activity	Capital Assets July 1, 2002	Additions	Deletions	Capital Assets June 30, 2003
General government administration:				
Legislative	\$ 205,798,190	3,051,984	4,897,343	203,952,831
General and financial administration	170,319,535	4,883,314	1,440,570	173,762,279
Board of Elections	111,805	-	-	111,805
Total general government administration	376,229,530	7,935,298	6,337,913	377,826,915
Judicial administration:				
Courts	1,824,044	6,996	159,272	1,671,768
Commonwealth's Attorney	40,637,539	-	301,688	40,335,851
Total judicial administration	42,461,583	6,996	460,960	42,007,619
Public safety:				
Law enforcement	113,922,457	26,709,741	1,670,705	138,961,493
Fire and rescue services	78,404,538	949,037	1,581,699	77,771,876
Correction and detention	94,123	24,886,120	18,624	24,961,619
Inspections	1,079,706	49,705	-	1,129,411
Other protection	3,927,835	468,519	293,661	4,102,693
Total public safety	197,428,659	53,063,122	3,564,689	246,927,092
Public works:				
Maintenance of streets, roads, and bridges	405,032,298	16,055,509	132,636	420,955,171
Sanitation and waste removal	133,133,869	2,923,268	1,842,808	134,214,329
Maintenance of buildings and grounds	3,453,338	343,112	7,437	3,789,013
Total public works	541,619,505	19,321,889	1,982,881	558,958,513
Health and welfare:				
Health	63,568,841	202,189	20,103	63,750,927
Mental health and mental retardation	17,605,431	9,624	-	17,615,055
Welfare / Social services	9,392,404	33,383	244,265	9,181,522
Total health and welfare	90,566,676	245,196	264,368	90,547,504
Community development:				
Planning and community development	264,805,893	11,776,962	1,534,589	275,048,266
Environmental management	226,333	-	-	226,333
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	266,331,333	11,776,962	1,534,589	276,573,706
Parks, recreation, and cultural:				
Parks and recreation	21,972,602	3,445,049	30,621	25,387,030
Library	87,738,037	6,309,007	32,845	94,014,199
Total parks, recreation, and cultural	109,710,639	9,754,056	63,466	119,401,229
Total general fixed assets allocated to functions	1,624,347,925	102,103,519	14,208,866	1,712,242,578
Construction in progress	52,122,448	28,849,776	59,230,664	21,741,560
Total governmental funds capital assets	\$ 1,676,470,373	130,953,295	73,439,530	1,733,984,138

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

Fairfax County Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County in that Public Schools operations are funded primarily by transfers from the County's General Fund and the County issues general obligation debt to fund Public Schools' capital projects.

General Fund is used to account for expenditures to operate, maintain, and support Public Schools' programs. Its primary sources of revenues are Federal and State Aid and transfers from the County's General Fund.

Food and Nutrition Services Fund is a special revenue fund used to account for the procurement, preparation, and serving of student breakfasts, snacks, and lunches. Primary sources of revenues are Federal and State Aid and receipts from food sales.

Grants and Self-Supporting Programs Fund is a special revenue fund used to account for federal, state, non-profit, and private industry grants that support Instructional Services, Student Services, Special Education, and Information Technology.

Adult and Community Education Fund is a special revenue fund used to account for programs pertaining to basic skills education, high school completion, English as a second language, apprenticeship and occupation skills instruction, family literacy, driver education, SAT preparation, and business contracts.

Capital Projects Fund is used to account for the renovation, expansion, new construction of school facilities as authorized by voter referendum and other capital expenditures. Projects are funded primarily by proceeds from the sale of County general obligation bonds.

Central Procurement Fund is an internal service fund used to account for the centrally procured orders of textbooks, supplies, and equipment and their issuance to individual schools and offices.

Health Benefits Trust Fund is an internal service fund used to account for the provision of a comprehensive health insurance benefits program to Public Schools' employees.

Insurance Fund is an internal service fund that is used to account for the Public Schools' casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to Public Schools' employees who sustain occupational injuries.

Pension Trust Fund is used to account for the employee retirement system that provides pension benefits for Public Schools' employees. Public Schools maintains one employee retirement fund: the Educational Employees' Supplementary Retirement Fund.

Student Activity Fund is an agency fund that is used to account for the funds derived from various extracurricular school activities.



COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Balance Sheet - Governmental Funds
June 30, 2003

	Major Governmental Funds			
		Special Revenue Funds		
	General Fund	Food and Nutrition Services	Grants and Self-Supporting Programs	Adult and Community Education
ASSETS				
Equity in pooled cash and temporary investments	\$ 188,507,303	8,287,143	36,491	2,210,897
Receivables:				
Accounts	19	79,252	-	-
Accrued interest	-	6,880	-	1,535
Due from intergovernmental units	17,246,612	750,000	12,638,828	21,911
Due from primary government	4,864,092	154,257	17,015	-
Interfund receivables	7,100,000	-	-	-
Inventories of supplies	-	1,341,095	-	-
Total assets	\$ 217,718,026	10,618,627	12,692,334	2,234,343
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 34,865,268	108,854	172,842	117,798
Accrued salaries and benefits	72,035,226	712,288	132,122	37,629
Contract retainages	-	-	-	-
Interfund payables	-	-	5,000,000	-
Deferred revenue	4,911,245	-	2,060,924	-
Performance and other deposits	-	-	-	27,290
Total liabilities	111,811,739	821,142	7,365,888	182,717
Fund balances:				
Reserved for:				
Encumbrances	30,302,260	1,226,269	747,640	164,749
Inventories of supplies	-	1,341,095	-	-
Unreserved	75,604,027	7,230,121	4,578,806	1,886,877
Total fund balances	105,906,287	9,797,485	5,326,446	2,051,626
Total liabilities and fund balances	\$ 217,718,026	10,618,627	12,692,334	2,234,343

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds \$ 116,604,415

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,075,204,746 and accumulated depreciation is \$611,720,394. 1,463,484,352

Some of the Public Schools' receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds. 5,179,528

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 16,892,696

Long-term liabilities related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds. (23,498,090)

Capital lease agreements are not due and payable in the current period and, therefore, are not reported in the funds. (27,979,053)

Net assets of governmental activities \$ 1,550,683,848

EXHIBIT J

Capital Projects Fund	Total Governmental Funds	
ASSETS		
5,166,660	204,208,494	Equity in pooled cash and temporary investments
		Receivables:
-	79,271	Accounts
-	8,415	Accrued interest
-	30,657,351	Due from intergovernmental units
-	5,035,364	Due from primary government
-	7,100,000	Interfund receivables
-	1,341,095	Inventories of supplies
5,166,660	248,429,990	Total assets
LIABILITIES AND FUND BALANCES		
		Liabilities:
1,827,220	37,091,982	Accounts payable and accrued liabilities
31,909	72,949,174	Accrued salaries and benefits
9,696,960	9,696,960	Contract retainages
-	5,000,000	Interfund payables
-	6,972,169	Deferred revenue
88,000	115,290	Performance and other deposits
11,644,089	131,825,575	Total liabilities
		Fund balances:
		Reserved for:
71,960,622	104,401,540	Encumbrances
-	1,341,095	Inventories of supplies
(78,438,051)	10,861,780	Unreserved
(6,477,429)	116,604,415	Total fund balances
5,166,660	248,429,990	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Public Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2003

		Major Governmental Funds		
		General Fund	Special Revenue Funds	
			Food and Nutrition Services	Grants and Self-Supporting Programs
				Adult and Community Education
REVENUES				
Intergovernmental	\$ 1,501,944,036	17,326,914	24,646,393	1,764,620
Charges for services	5,545,260	32,562,730	3,134,414	6,364,665
Revenue from the use of money and property	2,062,789	124,099	-	29,162
Recovered costs	26,927,421	-	-	-
Other	4,155,811	-	2,427,789	38,296
Total revenues	1,540,635,317	50,013,743	30,208,596	8,196,743
EXPENDITURES				
Current:				
Education	1,471,247,834	49,869,274	41,560,380	10,645,953
Capital outlay	15,074,130	122,496	304,678	64,408
Total expenditures	1,486,321,964	49,991,770	41,865,058	10,710,361
Excess (deficiency) of revenues over (under) expenditures	54,313,353	21,973	(11,656,462)	(2,513,618)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	13,687,954	2,000,131
Transfers out	(29,153,500)	-	-	-
Capital leases and installment purchases	9,587,411	-	-	-
Total other financing sources (uses)	(19,566,089)	-	13,687,954	2,000,131
Net change in fund balances	34,747,264	21,973	2,031,492	(513,487)
Fund balances, July 1, 2002	71,159,023	9,791,528	3,294,954	2,565,113
Decrease in reserve for inventories of supplies	-	(16,016)	-	-
Fund balances, June 30, 2003	\$ 105,906,287	9,797,485	5,326,446	2,051,626

EXHIBIT J-1

Capital Projects Fund	Total Governmental Funds	
REVENUES		
137,333,492	1,683,015,455	Intergovernmental
-	47,607,069	Charges for services
-	2,216,050	Revenue from the use of money and property
303,535	27,230,956	Recovered costs
789,864	7,411,760	Other
<u>138,426,891</u>	<u>1,767,481,290</u>	Total revenues
EXPENDITURES		
Current:		
31,777,984	1,605,101,425	Education
<u>126,829,579</u>	<u>142,395,291</u>	Capital outlay
<u>158,607,563</u>	<u>1,747,496,716</u>	Total expenditures
		Excess (deficiency) of revenues over
<u>(20,180,672)</u>	<u>19,984,574</u>	(under) expenditures
OTHER FINANCING SOURCES (USES)		
13,172,173	28,860,258	Transfers in
-	(29,153,500)	Transfers out
<u>339,672</u>	<u>9,927,083</u>	Capital leases and installment purchases
<u>13,511,845</u>	<u>9,633,841</u>	Total other financing sources (uses)
(6,668,827)	29,618,415	Net change in fund balances
191,398	87,002,016	Fund balances, July 1, 2002
-	(16,016)	Decrease in reserve for inventories of supplies
<u>(6,477,429)</u>	<u>116,604,415</u>	Fund balances, June 30, 2003

continued

COUNTY OF FAIRFAX, VIRGINIA**Fairfax County Public Schools****Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities****For the fiscal year ended June 30, 2003****EXHIBIT J-1**

concluded

Net change in fund balances - Total governmental funds	\$ 29,618,415
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays, less non-accountable leases	\$ 137,052,328	
Less depreciation expense	<u>(58,639,900)</u>	78,412,428

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	9,058,701
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Loss on the disposition of capital assets is reported in the statement of activities. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.	(673,526)
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Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.	(1,321,944)
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Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.	(9,927,083)
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Principal payments on capital leases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	9,628,833
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Under the modified accrual basis of accounting used in the governmental funds, expenditures for compensated absences are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue.	(1,002,346)
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Internal service funds are used by management to charge the costs of certain internal service funds to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>3,250,980</u>
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Change in net assets of governmental activities	<u><u>\$ 117,044,458</u></u>
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COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2003

EXHIBIT J-2

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final	(Budget Basis)	
REVENUES				
Intergovernmental	\$ 1,498,545,798	1,506,006,776	1,501,944,036	(4,062,740)
Charges for services	4,540,601	4,540,601	5,545,260	1,004,659
Revenue from the use of money and property	1,336,300	1,336,300	2,062,789	726,489
Recovered costs	27,350,000	26,927,421	26,927,421	-
Other	3,582,900	3,793,222	4,155,811	362,589
Total revenues	1,535,355,599	1,542,604,320	1,540,635,317	(1,969,003)
EXPENDITURES				
Current:				
Education	1,528,061,016	1,546,909,400	1,478,355,917	68,553,483
Total expenditures	1,528,061,016	1,546,909,400	1,478,355,917	68,553,483
Excess (deficiency) of revenues over (under) expenditures	7,294,583	(4,305,080)	62,279,400	66,584,480
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(27,096,497)	(29,153,500)	(29,153,500)	-
Total other financing sources (uses)	(27,096,497)	(29,153,500)	(29,153,500)	-
Net change in fund balance	\$ (19,801,914)	(33,458,580)	33,125,900	66,584,480

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3A

Fairfax County Public Schools

Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 15,717,584	15,717,584	17,326,914	1,609,330
Charges for services	33,283,413	33,283,413	32,562,730	(720,683)
Revenue from the use of money and property	505,000	505,000	124,099	(380,901)
Total revenues	49,505,997	49,505,997	50,013,743	507,746
EXPENDITURES				
Current:				
Education	49,557,257	50,210,467	49,991,770	218,697
Total expenditures	49,557,257	50,210,467	49,991,770	218,697
Net change in fund balance	\$ (51,260)	(704,470)	21,973	726,443

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3B

Fairfax County Public Schools

Budgetary Comparison Schedule - Grants and Self-Supporting Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 27,816,627	38,050,322	24,646,393	(13,403,929)
Charges for services	2,798,913	2,798,913	3,134,414	335,501
Other	463,306	1,034,591	2,427,789	1,393,198
Total revenues	31,078,846	41,883,826	30,208,596	(11,675,230)
EXPENDITURES				
Current:				
Education	45,241,261	58,866,734	41,865,058	17,001,676
Total expenditures	45,241,261	58,866,734	41,865,058	17,001,676
Excess (deficiency) of revenues over (under) expenditures	(14,162,415)	(16,982,908)	(11,656,462)	5,326,446
OTHER FINANCING SOURCES (USES)				
Transfers in	14,162,415	13,687,954	13,687,954	-
Total other financing sources (uses)	14,162,415	13,687,954	13,687,954	-
Net change in fund balance	\$ -	(3,294,954)	2,031,492	5,326,446

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-3C

Fairfax County Public Schools

Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 1,515,854	1,751,713	1,764,620	12,907
Charges for services	6,692,983	6,874,895	6,364,665	(510,230)
Revenue from the use of money and property	162,447	162,447	29,162	(133,285)
Other	-	35,268	38,296	3,028
Total revenues	8,371,284	8,824,323	8,196,743	(627,580)
EXPENDITURES				
Current:				
Education	9,471,415	13,389,567	10,710,361	2,679,206
Total expenditures	9,471,415	13,389,567	10,710,361	2,679,206
Excess (deficiency) of revenues over (under) expenditures	(1,100,131)	(4,565,244)	(2,513,618)	2,051,626
OTHER FINANCING SOURCES (USES)				
Transfers in	1,100,131	2,000,131	2,000,131	-
Total other financing sources (uses)	1,100,131	2,000,131	2,000,131	-
Net change in fund balance	\$ -	(2,565,113)	(513,487)	2,051,626

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Net Assets - Internal Service Funds
June 30, 2003

EXHIBIT J-4

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and temporary investments	\$ 81,683	33,589,975	17,610,097	51,281,755
Accounts receivable	-	-	-	-
Accrued interest receivable	-	33,716	-	33,716
Inventories of supplies	3,222,821	-	-	3,222,821
Total current assets	3,304,504	33,623,691	17,610,097	54,538,292
Noncurrent assets - Capital assets:				
Equipment	91,280	-	12,918	104,198
Accumulated depreciation	(21,582)	-	(807)	(22,389)
Total noncurrent assets	69,698	-	12,111	81,809
Total assets	3,374,202	33,623,691	17,622,208	54,620,101
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	439,002	-	-	439,002
Insurance and benefit claims payable	-	15,886,858	5,513,460	21,400,318
Interfund payables	2,100,000	-	-	2,100,000
Deferred revenue	-	3,047,008	-	3,047,008
Long-term liabilities - Insurance and benefit claims payable	-	-	10,741,077	10,741,077
Total liabilities	2,539,002	18,933,866	16,254,537	37,727,405
NET ASSETS				
Invested in capital assets	69,698	-	12,111	81,809
Restricted for health insurance program	-	4,286,000	-	4,286,000
Unrestricted	765,502	10,403,825	1,355,560	12,524,887
Total net assets	\$ 835,200	14,689,825	1,367,671	16,892,696

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-5

Fairfax County Public Schools

Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds

For the fiscal year ended June 30, 2003

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 10,351,051	137,061,008	5,873,240	153,285,299
Total operating revenues	10,351,051	137,061,008	5,873,240	153,285,299
OPERATING EXPENSES:				
Cost of goods sold	10,611,221	-	-	10,611,221
Personnel services	72,419	682,944	650,669	1,406,032
Depreciation expense	8,239	-	807	9,046
Claims and benefit payments	-	125,236,001	6,022,257	131,258,258
Professional consultant and contractual services	-	6,033,637	1,339,058	7,372,695
Total operating expenses	10,691,879	131,952,582	8,012,791	150,657,252
Operating income (loss)	(340,828)	5,108,426	(2,139,551)	2,628,047
NONOPERATING REVENUES:				
Interest revenue	-	329,691	-	329,691
Total nonoperating revenues	-	329,691	-	329,691
Income (loss) before operating transfers	(340,828)	5,438,117	(2,139,551)	2,957,738
Transfers in	-	293,242	-	293,242
Transfers out	-	-	-	-
Change in net assets	(340,828)	5,731,359	(2,139,551)	3,250,980
Total net assets, July 1, 2002	1,176,028	8,958,466	3,507,222	13,641,716
Total net assets, June 30, 2003	\$ 835,200	14,689,825	1,367,671	16,892,696

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Combining Statement of Cash Flows - Internal Service Funds
For the fiscal year ended June 30, 2003

EXHIBIT J-6

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 10,351,051	137,088,689	5,873,240	153,312,980
Payments to suppliers	(10,238,380)	-	-	(10,238,380)
Payments to employees	(72,419)	(682,944)	(650,669)	(1,406,032)
Claims and benefits paid	-	(122,536,897)	(5,913,679)	(128,450,576)
Payments for professional services	-	(6,033,637)	(1,339,058)	(7,372,695)
Net cash provided (used) by operating activities	40,252	7,835,211	(2,030,166)	5,845,297
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	293,242	-	293,242
Net cash provided by noncapital financing activities	-	293,242	-	293,242
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(9,999)	-	(12,918)	(22,917)
Net cash used by capital and related financing activities	(9,999)	-	(12,918)	(22,917)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	324,096	-	324,096
Net cash provided by investing activities	-	324,096	-	324,096
Net increase (decrease) in cash and cash equivalents	30,253	8,452,549	(2,043,084)	6,439,718
Cash and cash equivalents, July 1, 2002	51,430	25,137,426	19,653,181	44,842,037
Cash and cash equivalents, June 30, 2003	\$ 81,683	33,589,975	17,610,097	51,281,755
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (340,828)	5,108,426	(2,139,551)	2,628,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,239	-	807	9,046
Change in assets and liabilities:				
Decrease in accounts receivable	-	42,914	-	42,914
(Increase) in inventories of supplies	(186,951)	-	-	(186,951)
Increase (decrease) in accounts payable and accrued liabilities	159,792	(100,896)	133,311	192,207
Increase in interfund payables	400,000	-	-	400,000
(Decrease) in deferred revenue	-	(15,233)	-	(15,233)
Increase (decrease) in insurance and benefits claims payable	-	2,800,000	(24,733)	2,775,267
Total adjustments to operating income (loss)	381,080	2,726,785	109,385	3,217,250
Net cash provided (used) by operating activities	\$ 40,252	7,835,211	(2,030,166)	5,845,297

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Fiduciary Net Assets
June 30, 2003

EXHIBIT J-7

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	Agency Fund - Student Activity Fund
ASSETS		
Equity in pooled cash and temporary investments	\$ 290,890	-
Cash with fiscal agents	1,607,669	-
Cash collateral for securities lending	130,776,104	-
Cash in student activity funds	-	14,626,436
Accounts receivable	15,457,261	431,895
Accrued interest and dividends receivable	6,015,578	-
Investments, at fair value	1,401,680,302	-
Inventories of supplies	-	187,118
Prepaid items and other assets	52,731	-
Total assets	<u>1,555,880,535</u>	<u>\$ 15,245,449</u>
LIABILITIES		
Accounts payable and accrued liabilities	951,768	839,338
Payable for purchase of pension investments	74,360,436	-
Liabilities for collateral received under securities lending agreements	130,776,104	-
Due to student groups	-	14,406,111
Total liabilities	<u>206,088,308</u>	<u>\$ 15,245,449</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 1,349,792,227</u>	

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Public Schools
Statement of Changes in Plan Net Assets - Pension Trust Fund
For the fiscal year ended June 30, 2003

EXHIBIT J-8

	Pension Trust Fund - Educational Employees' Supplementary Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 34,506,630
Plan members	18,750,568
Total contributions	<u>53,257,198</u>
Investment income:	
From investment activities:	
Net depreciation in fair value of investments	(4,906,381)
Interest and dividends	42,528,533
Other	230,724
Total income from investment activities	<u>37,852,876</u>
Less investment activities expenses:	
Management fees	4,696,013
Other	643,207
Total investment activities expenses	<u>5,339,220</u>
Net income from investment activities	<u>32,513,656</u>
From securities lending activities:	
Securities lending income	<u>1,664,009</u>
Less securities lending expenses:	
Borrower rebates	1,182,631
Management fees	137,569
Total securities lending activities expenses	<u>1,320,200</u>
Net income from securities lending activities	<u>343,809</u>
Net investment income	<u>32,857,465</u>
Total additions	<u>86,114,663</u>
DEDUCTIONS	
Benefits	100,979,864
Refunds of contributions	1,848,428
Administrative expenses	2,867,018
Total deductions	<u>105,695,310</u>
Net decrease	(19,580,647)
Net assets, July 1, 2002	<u>1,369,372,874</u>
Net assets, June 30, 2003	<u>\$ 1,349,792,227</u>

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT J-9

Fairfax County Public Schools

Statement of Changes in Assets and Liabilities - Agency Fund

For the fiscal year ended June 30, 2003

	Balances July 1, 2002	Additions	Deductions	Balances June 30, 2003
Student Activity Fund:				
Assets:				
Cash with fiscal agents	\$ 13,637,364	39,590,479	38,601,407	14,626,436
Accrued interest receivable	493,150	-	61,255	431,895
Inventories of supplies	194,848	-	7,730	187,118
Total assets	14,325,362	39,590,479	38,670,392	15,245,449
Liabilities:				
Accounts payable and accrued liabilities	1,045,042	-	205,704	839,338
Due to student groups	13,280,320	1,125,791	-	14,406,111
Total liabilities	\$ 14,325,362	1,125,791	205,704	15,245,449

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Net Assets
June 30, 2003

EXHIBIT K

	Primary Government	Component Units	Total Reporting Entity
ASSETS			
Equity in pooled cash and temporary investments	\$ 20,147,838	-	20,147,838
Cash in banks	1,933,508	5,123,610	7,057,118
Receivables (net of allowances):			
Accounts	11,687,833	267,847	11,955,680
Accrued interest	27,423	3,232	30,655
Notes	8,295,701	-	8,295,701
Other	462,918	-	462,918
Other assets	258,479	360,237	618,716
Restricted assets:			
Cash with fiscal agents	7,647,423	2,497,973	10,145,396
Certificates of deposit - performance bonds	166,536	486,140	652,676
Investments	190,148	-	190,148
Land held for sale	2,595,172	-	2,595,172
Capital assets:			
Non-depreciable:			
Land	25,511,767	6,451,651	31,963,418
Construction in progress	2,674,619	-	2,674,619
Depreciable:			
Equipment	2,238,835	450,905	2,689,740
Buildings and improvements	99,619,676	49,111,345	148,731,021
Accumulated depreciation	(56,025,648)	(11,599,355)	(67,625,003)
Total assets	127,432,228	53,153,585	180,585,813
LIABILITIES			
Accounts payable and accrued liabilities	3,240,373	6,015,019	9,255,392
Accrued salaries and benefits	318,288	-	318,288
Due to primary government	1,656,679	-	1,656,679
Deferred revenue	1,006,969	86,778	1,093,747
Performance and other deposits	808,506	292,498	1,101,004
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable	315,114	-	315,114
Notes payable	8,350,683	2,012,933	10,363,616
Compensated absences payable	392,233	-	392,233
Other	133,945	-	133,945
Portion due or payable after one year:			
Revenue bonds payable	12,204,566	-	12,204,566
Notes payable	26,986,580	29,291,164	56,277,744
Compensated absences payable	441,550	-	441,550
Other	1,544,839	-	1,544,839
Total liabilities	57,400,325	37,698,392	95,098,717
NET ASSETS			
Invested in capital assets, net of related debt	45,936,073	13,110,449	59,046,522
Restricted	7,837,571	2,984,113	10,821,684
Unrestricted	16,258,259	(639,369)	15,618,890
Total net assets	\$ 70,031,903	15,455,193	85,487,096

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT K-1

Fairfax County Redevelopment and Housing Authority
Statement of Revenues, Expenses, and Changes in Net Assets
For the fiscal year ended June 30, 2003

	Primary Government	Component Units	Total Reporting Entity
OPERATING REVENUES:			
Dwelling rentals	\$ 10,462,742	4,720,029	15,182,771
Other	3,271,026	604,942	3,875,968
Total operating revenues	13,733,768	5,324,971	19,058,739
OPERATING EXPENSES:			
Personnel services	8,118,309	940,778	9,059,087
Materials and supplies	2,695,333	1,200,328	3,895,661
Repairs and maintenance	2,120,199	1,123,587	3,243,786
Housing assistance payments	32,677,767	-	32,677,767
Depreciation and amortization	3,535,913	1,737,242	5,273,155
Contractual services	1,326,328	94,123	1,420,451
Utilities	1,908,356	627,667	2,536,023
Total operating expenses	52,382,205	5,723,725	58,105,930
Operating loss	(38,648,437)	(398,754)	(39,047,191)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	39,038,142	-	39,038,142
Interest revenue	497,770	62,470	560,240
Interest expense	(2,546,228)	(1,148,410)	(3,694,638)
Loss on disposal of capital assets and lender financing	(1,564,737)	-	(1,564,737)
Total nonoperating revenues (expenses)	35,424,947	(1,085,940)	34,339,007
Loss before contributions	(3,223,490)	(1,484,694)	(4,708,184)
CAPITAL CONTRIBUTIONS:			
Investor capital contributions	-	1,579,168	1,579,168
HUD debt service contributions	239,205	-	239,205
HUD capital contributions	2,286,384	-	2,286,384
Total capital contributions	2,525,589	1,579,168	4,104,757
Change in net assets	(697,901)	94,474	(603,427)
Total net assets, July 1, 2002	70,729,804	15,360,719	86,090,523
Total net assets, June 30, 2003	\$ 70,031,903	15,455,193	85,487,096

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Redevelopment and Housing Authority
Statement of Cash Flows
For the fiscal year ended June 30, 2003

EXHIBIT K-2

	Primary Government	Component Units	Total Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 10,536,310	4,676,170	15,212,480
Management and developer fee receipts	1,749,559	-	1,749,559
Other operating cash receipts	1,381,700	739,906	2,121,606
Payments to employees for services	(8,076,072)	(940,778)	(9,016,850)
Payments made for housing assistance	(32,370,443)	-	(32,370,443)
Payments to suppliers for goods and services	(8,669,107)	(1,782,415)	(10,451,522)
Purchase of property held for sale	(813,564)	-	(813,564)
Net cash provided (used) by operating activities	(36,261,617)	2,692,883	(33,568,734)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	37,056,289	-	37,056,289
Net cash provided by noncapital financing activities	37,056,289	-	37,056,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(2,320,634)	(56,949)	(2,377,583)
Proceeds from sale of capital assets	2,251,530	-	2,251,530
Capital contributions	-	1,579,168	1,579,168
Proceeds from issuance of debt	6,087,152	1,642,624	7,729,776
Interest payments	(2,497,642)	(1,321,631)	(3,819,273)
Debt principal payments	(4,334,370)	(4,028,139)	(8,362,509)
Intergovernmental revenue received	2,525,589	-	2,525,589
Net cash provided (used) by capital and related financing activities	1,711,625	(2,184,927)	(473,302)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of loan and advance repayments	2,216,458	-	2,216,458
Disbursement of loans and advances receivable	(5,601,012)	-	(5,601,012)
Maturity of investments	2,404,105	-	2,404,105
Interest received	509,844	62,470	572,314
Net cash provided (used) by investing activities	(470,605)	62,470	(408,135)
Net increase in cash and cash equivalents	2,035,692	570,426	2,606,118
Cash and cash equivalents, July 1, 2002	27,859,613	7,537,297	35,396,910
Cash and cash equivalents, June 30, 2003	\$ 29,895,305	8,107,723	38,003,028
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (38,648,437)	(398,754)	(39,047,191)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation and amortization	3,535,913	1,737,242	5,273,155
Change in assets and liabilities:			
(Increase) in accounts receivable	(713,899)	(59,730)	(773,629)
(Increase) decrease in other assets	(828,613)	31,733	(796,880)
Increase (decrease) in accounts payable and accrued liabilities	(316,397)	1,358,639	1,042,242
Increase in accrued salaries and benefits	45,513	-	45,513
Increase (decrease) in performance and other deposits	(8,179)	7,882	(297)
Increase in deferred revenue	672,482	15,871	688,353
Total adjustments to operating loss	2,386,820	3,091,637	5,478,457
Net cash provided (used) by operating activities	\$ (36,261,617)	2,692,883	(33,568,734)
Noncash investing, capital, and financing activities:			
Increase in fair value of restricted investments	\$ 16,711	-	16,711

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations are funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue Fund.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Park Authority
Balance Sheet
June 30, 2003

	Major Governmental		
	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
ASSETS			
Equity in pooled cash and temporary investments	\$ -	2,367,724	-
Receivables:			
Accounts	-	45,134	-
Accrued interest	-	87	-
Due from primary government	1,408,066	-	94,937
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	2,129,038	-
Total assets	\$ 1,408,066	4,541,983	94,937
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 332,207	409,416	51,570
Accrued salaries and benefits	1,075,859	800,843	-
Due to primary government	-	108,487	-
Contract retainages	-	-	43,367
Deferred revenue	-	2,725,146	-
Performance and other deposits	-	92,908	-
Total liabilities	1,408,066	4,136,800	94,937
Fund balances:			
Reserved for:			
Encumbrances	-	1,928	470,369
Certain capital projects	-	-	-
Debt service	-	2,129,038	-
Repair and replacement	-	-	-
Unreserved (deficit)	-	(1,725,783)	(470,369)
Total fund balances	-	405,183	-
Total liabilities and fund balances	\$ 1,408,066	4,541,983	94,937

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balances - Total governmental funds \$ 38,973,383

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$461,0012,130 and the accumulated depreciation is \$101,305,726. 359,706,404

Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. 478,298

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue bonds payable	\$ (12,295,676)	
Notes payable	(14,442,740)	
Compensated absences payable	(3,860,462)	
Loans payable	(15,530,000)	
Accrued interest payable	(521,250)	(46,650,128)

Net assets of governmental activities \$ 352,507,957

EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			ASSETS
-	12,840,458	15,208,182	Equity in pooled cash and temporary investments
			Receivables:
-	-	45,134	Accounts
-	3,895	3,982	Accrued interest
-	-	1,503,003	Due from primary government
			Restricted assets:
14,525,912	700,000	15,225,912	Equity in pooled cash and temporary investments
-	15,695,988	17,825,026	Investments
14,525,912	29,240,341	49,811,239	Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
1,696,460	191,038	2,680,691	Accounts payable and accrued liabilities
-	-	1,876,702	Accrued salaries and benefits
-	-	108,487	Due to primary government
216,489	16,816	276,672	Contract retainages
-	3,040,594	5,765,740	Deferred revenue
-	36,656	129,564	Performance and other deposits
1,912,949	3,285,104	10,837,856	Total liabilities
			Fund balances:
			Reserved for:
16,304,568	695,693	17,472,558	Encumbrances
-	15,695,988	15,695,988	Certain capital projects
-	-	2,129,038	Debt service
-	700,000	700,000	Repair and replacement
(3,691,605)	8,863,556	2,975,799	Unreserved (deficit)
12,612,963	25,955,237	38,973,383	Total fund balances
14,525,912	29,240,341	49,811,239	Total liabilities and fund balances

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Park Authority

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2003

	Major Governmental		
	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Capital Financed from County Construction Fund
REVENUES			
Intergovernmental	\$ 26,498,354	-	3,298,569
Charges for services	2,729,406	22,450,704	32,155
Revenue from the use of money and property	-	1,861,199	-
Gifts, donations, and contributions	-	227,765	-
Other	-	120,149	-
Total revenues	29,227,760	24,659,817	3,330,724
EXPENDITURES			
Current:			
Parks, recreation, and cultural	28,830,760	23,849,590	2,830,724
Capital outlay	397,000	293,300	500,000
Debt service:			
Principal retirement	-	2,729,691	-
Interest and other charges	-	583,585	-
Total expenditures	29,227,760	27,456,166	3,330,724
Excess (deficiency) of revenues over (under) expenditures	-	(2,796,349)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,240,497	-
Transfers out	-	(922,720)	-
Loans issued	-	-	-
Revenue notes issued	-	16,667,431	-
Retirements of revenue notes	-	(16,667,431)	-
Total other financing sources (uses)	-	1,317,777	-
Net change in fund balances	-	(1,478,572)	-
Fund balances, July 1, 2002	-	1,883,755	-
Fund balances, June 30, 2003	\$ -	405,183	-

EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
REVENUES			
22,300,000	14,469	52,111,392	Intergovernmental
-	441,050	25,653,315	Charges for services
-	864,938	2,726,137	Revenue from the use of money and property
-	121,292	349,057	Gifts, donations and contributions
-	-	120,149	Other
22,300,000	1,441,749	80,960,050	Total revenues
EXPENDITURES			
Current:			
305,580	48,119	55,864,773	Parks, recreation, and cultural
8,435,433	2,809,140	12,434,873	Capital outlay
Debt service:			
-	-	2,729,691	Principal retirement
-	-	583,585	Interest and other charges
8,741,013	2,857,259	71,612,922	Total expenditures
13,558,987	(1,415,510)	9,347,128	Excess (deficiency) of revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)			
-	922,720	3,163,217	Transfers in
(2,240,497)	-	(3,163,217)	Transfers out
-	15,530,000	15,530,000	Loans issued
-	-	16,667,431	Revenue notes issued
-	-	(16,667,431)	Retirements of revenue notes
(2,240,497)	16,452,720	15,530,000	Total other financing sources (uses)
11,318,490	15,037,210	24,877,128	Net change in fund balances
1,294,473	10,918,027	14,096,255	Fund balances, July 1, 2002
12,612,963	25,955,237	38,973,383	Fund balances, June 30, 2003

continued

COUNTY OF FAIRFAX, VIRGINIA

Fairfax County Park Authority

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the fiscal year ended June 30, 2003

EXHIBIT L-1

concluded

Net change in fund balances - Total governmental funds \$ 24,877,128

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays	\$ 12,434,873	
Less depreciation expense	<u>(6,405,970)</u>	6,028,903

In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.

(43,040)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

5,215,966

The issuance of long-term debt is reported as financing sources in the governmental funds and thus, increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statements of net assets and does not affect the statement of activities. Revenue notes and loans were issued.

(32,197,431)

Repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in the governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal repayments of matured bonds	\$ 505,000	
Principal repayments of revenue notes	2,224,691	
Retirement of revenue notes	<u>16,667,431</u>	19,397,122

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Compensated absences	\$ (187,271)	
Interest and other	<u>(431,856)</u>	<u>(619,127)</u>

Change in net assets of governmental activities \$ 22,659,521

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-2A

Fairfax County Park Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 21,133,233	22,135,833	21,515,998	(619,835)
Charges for services	3,139,339	2,136,739	2,729,406	592,667
Total revenues	24,272,572	24,272,572	24,245,404	(27,168)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	24,272,572	24,272,572	24,245,404	27,168
Total expenditures	24,272,572	24,272,572	24,245,404	27,168
Net change in fund balance	\$ -	-	-	-

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT L-2B

Fairfax County Park Authority

Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 27,259,529	26,535,557	23,016,997	(3,518,560)
Revenue from the use of money and property	147,000	147,000	1,861,199	1,714,199
Gifts, donations, and contributions	140,000	140,000	227,765	87,765
Other	-	-	120,149	120,149
Total revenues	27,546,529	26,822,557	25,226,110	(1,596,447)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	26,672,988	26,538,132	25,215,669	1,322,463
Total expenditures	26,672,988	26,538,132	25,215,669	1,322,463
Excess of revenues over expenditures	873,541	284,425	10,441	(273,984)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(922,720)	(922,720)	-
Total other financing sources (uses)	-	(922,720)	(922,720)	-
Net change in fund balance	\$ 873,541	(638,295)	(912,279)	(273,984)

The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund) is used to account for the operations of the EDA, all of which are funded by the County.

COUNTY OF FAIRFAX, VIRGINIA
Fairfax County Economic Development Authority
Balance Sheet
June 30, 2003

EXHIBIT M

	General Fund (Financed from County General Fund)
ASSETS	
Due from primary government	\$ 191,972
Total assets	\$ 191,972
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	\$ 86,971
Accrued salaries and benefits	105,001
Total liabilities	191,972
Fund balance:	
Unreserved	-
Total liabilities and fund balance	\$ 191,972

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance - General Fund	\$ -
Amounts reported for governmental activities in the statement of net assets are different because :	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$13,562 and the accumulated depreciation is \$6,695.	6,867
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(136,296)
Net assets of governmental activities	\$ (129,429)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT M-1

Fairfax County Economic Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2003

	General Fund (Financed from County General Fund)
REVENUES	
Intergovernmental	\$ 7,032,921
Total revenues	7,032,921
EXPENDITURES	
Current:	
Community development	7,032,921
Total expenditures	7,032,921
Excess of revenues over expenditures	-
Fund balance, July 1, 2002	-
Fund balance, June 30, 2003	\$ -

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Net change in fund balance - General Fund \$ -

Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Capital outlay	\$ 6,560	
Depreciation expense	(2,494)	
Compensated absences	(6,322)	(2,256)
Change in net assets of governmental activities		\$ (2,256)

COUNTY OF FAIRFAX, VIRGINIA

EXHIBIT M-2

Fairfax County Economic Development Authority

Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,562,715	6,562,715	6,562,710	(5)
Total revenues	6,562,715	6,562,715	6,562,710	(5)
EXPENDITURES				
Current:				
Community development	6,562,715	6,562,715	6,562,710	5
Total expenditures	6,562,715	6,562,715	6,562,710	5
Net change in fund balance	\$ -	-	-	-

Statistical Section

The Statistical Section contains selected financial and demographic information, generally presented on a multi-year basis.



COUNTY OF FAIRFAX, VIRGINIA
TABLE 1 - Expenditures by Function (1)
Last Ten Fiscal Years

		General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Community Development (2) (3)
1994	\$	52,570,488	14,297,233	162,207,761	134,699,527	187,470,021	71,555,454
1995		61,484,888	15,476,561	180,908,284	136,158,531	228,820,048	80,886,451
1996		72,338,728	17,498,901	189,685,237	140,348,137	246,922,478	102,644,316
1997		73,355,323	18,170,437	195,088,737	131,821,568	249,617,680	96,206,763
1998		77,592,551	18,652,509	211,191,952	122,113,299	253,316,305	113,045,023
1999		81,323,563	19,502,814	229,816,356	113,140,139	269,742,281	139,636,159
2000		87,400,231	21,408,526	256,155,919	125,478,465	300,328,090	98,045,302
2001		84,251,292	24,162,805	289,032,001	138,490,277	314,452,758	112,351,665
2002		99,226,761	30,852,713	379,379,556	144,649,708	365,542,786	128,799,857
2003		108,912,669	34,087,541	405,593,918	157,131,104	380,515,142	120,827,552

Source: Fairfax County Department of Finance.

- (1) Includes expenditures of all governmental fund types of the reporting entity.
- (2) Excludes, commencing in fiscal year 2000, amounts attributed to the Fairfax County Redevelopment and Housing Authority, which is reported as an enterprise fund.
- (3) Excludes, commencing in fiscal year 2002, amounts previously reported as transfers out to component units.
- (4) Commencing in fiscal year 2002, the reporting entity has allocated non-departmental expenditures to functions.

TABLE 2 - Revenues by Source (1) (3)
Last Ten Fiscal Years

		Taxes	Permits, Privilege Fees, and Regulatory Licenses	Inter- governmental (4)	Charges for Services	Fines and Forfeitures	Developers' Contributions
1994	\$	1,277,222,097	28,461,668	322,060,050	156,827,843	5,351,809	2,093,084
1995		1,323,668,244	28,798,269	365,494,857	168,962,319	6,207,675	3,001,865
1996		1,381,702,595	30,544,252	403,295,975	169,369,957	6,751,974	2,772,366
1997		1,491,735,145	34,075,400	443,487,660	175,929,826	7,213,398	3,024,791
1998		1,548,908,361	37,128,657	447,284,672	169,239,295	7,413,004	2,126,357
1999		1,640,594,459	43,044,787	497,729,760	177,170,856	7,140,533	5,197,532
2000		1,690,371,422	43,835,560	594,883,235	183,353,397	7,579,871	5,501,616
2001		1,785,431,379	39,535,467	706,200,146	190,444,150	9,116,533	5,276,379
2002		1,898,192,584	36,939,184	841,101,954	205,364,155	10,318,703	6,187,626
2003		2,054,784,694	38,625,237	790,652,368	228,102,911	11,065,873	5,758,057

Source: Fairfax County Department of Finance.

- (1) Includes revenues of all governmental fund types of the reporting entity.
- (2) These figures include local matching grants, gifts, donations, and contributions, and other items. Commencing in fiscal year 2003, these figures include local matching grants and gifts, donations, and contributions.
- (3) Excludes, commencing in fiscal year 2000, amounts attributed to the Fairfax County Redevelopment and Housing Authority, which is reported as an enterprise fund.
- (4) Excludes, commencing in fiscal year 2002, amounts previously reported as transfers in from the primary government.

Parks, Recreation, and Cultural (3)	Education (3)	Non- Departmental (4)	Capital Outlay	Debt Service	Total Reporting Entity
59,979,879	916,648,072	88,497,262	291,516,005	141,130,820	2,120,572,522
64,810,822	956,214,162	90,727,035	187,231,760	147,155,807	2,149,874,349
68,076,905	976,215,923	97,494,046	141,514,788	181,385,523	2,234,124,982
69,173,866	1,059,379,209	97,491,772	208,574,458	177,119,755	2,375,999,568
74,765,464	1,143,993,182	97,667,906	178,758,018	177,195,440	2,468,291,649
82,555,420	1,192,010,103	96,500,551	183,701,244	184,024,545	2,591,953,175
88,215,577	1,335,403,311	106,035,082	208,760,079	186,215,917	2,813,446,499
96,707,464	1,448,608,572	120,881,858	197,888,483	194,367,320	3,021,194,495
114,921,161	1,517,514,856	-	336,957,039	209,166,130	3,327,010,567
111,422,832	1,605,173,925	-	208,617,350	225,826,810	3,358,108,843

Revenue from the Use of Money and Property	Recovered Costs	Other Income (2)	Total Reporting Entity
36,258,060	22,267,003	11,019,346	1,861,560,960
61,311,963	25,735,925	12,294,442	1,995,475,559
65,678,810	24,920,359	12,081,793	2,097,118,081
70,955,474	25,108,402	15,466,933	2,266,997,029
77,574,033	25,787,015	15,558,990	2,331,020,384
73,166,683	29,704,720	17,269,898	2,491,019,228
67,771,505	30,608,575	20,311,314	2,644,216,495
76,040,506	34,337,279	26,576,035	2,872,957,874
39,178,410	36,038,398	27,597,649	3,100,918,663
30,278,342	39,711,971	16,692,845	3,215,672,298

COUNTY OF FAIRFAX, VIRGINIA

TABLE 3 - Real and Personal Property Tax Levies and Collections (1)
Last Ten Fiscal Years

	Total Tax Levy (000)	Current Tax Collections (000) (2)	Percent of Levy Collected	Delinquent Tax Collections (000)	Total Tax Collections (000) (4)	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes (000) (3)	Outstanding Delinquent Taxes as a Percent of Current Levy
1994	\$ 1,025,807	\$ 1,013,350	98.79 %	\$ 18,224	\$ 1,031,574	100.56 %	\$ 24,410	2.4 %
1995	1,058,500	1,048,276	99.03	13,000	1,061,276	100.26	17,386	1.6
1996	1,103,903	1,095,762	99.26	11,490	1,107,252	100.30	16,387	1.5
1997	1,203,645	1,195,312	99.31	6,479	1,201,791	99.85	14,417	1.2
1998	1,250,521	1,241,128	99.25	1,267	1,242,395	99.35	22,546	1.8
1999	1,308,122	1,299,201	99.32	12,088	1,311,289	100.24	22,185	1.7
2000	1,394,627	1,385,239	99.33	13,795	1,399,034	100.32	18,113	1.3
2001	1,524,861	1,512,551	99.13	10,761	1,523,312	99.90	18,665	1.2
2002	1,705,787	1,690,398	99.10	14,269	1,704,667	99.93	20,073	1.2
2003	1,860,389	1,845,500	98.80	17,529	1,863,029	100.14	19,492	1.0

Source: Fairfax County Department of Management and Budget and the Department of Tax Administration.

(1) General Fund.

(2) Current tax collections include collection of current tax, penalty, and interest.

(3) Outstanding delinquent taxes include penalty and interest net of allowances for uncollectibles.

(4) Tax collections include payments received from the Commonwealth of Virginia under its personal property tax-relief program. See Note C to the financial statements.

TABLE 4 - Assessed Value and Estimated Actual Value of All Taxable Property
Last Ten Fiscal Years

	Assessed Values				Estimated Actual Value (000)
	Real Property (000) (1)	Personal Property (000)	Public Service Corporations (000)	Total (000)	
1994	\$ 66,381,500	6,070,300	1,943,600	74,395,400	74,395,400
1995	66,912,100	6,775,400	2,015,200	75,702,700	75,702,700
1996	68,647,300	7,539,300	1,968,400	78,155,100	78,155,100
1997	70,510,800	8,257,400	2,085,700	80,853,900	80,853,900
1998	72,507,700	8,620,700	2,340,000	83,471,400	83,471,400
1999	75,497,300	9,070,800	2,515,600	87,086,700	87,086,700
2000	80,111,900	9,885,200	2,582,600	92,579,700	92,579,700
2001	87,334,100	10,820,500	2,893,900	101,048,500	101,048,500
2002	99,173,600	11,586,200	3,042,300	113,801,300	113,801,300
2003	114,155,500	11,610,600	3,161,000	128,927,100	128,927,100

Source: Fairfax County Department of Management and Budget and the Department of Tax Administration.

(1) Pursuant to the Code of Virginia, all real property assessments are required to be made at 100 percent of estimated actual value.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 5 - General Property Tax Rates
Last Ten Fiscal Years

		Real Estate (1)	Personal Property (1)		
			Most Vehicles	Machinery, Tools and R&D	Public Service Corporations
1994	\$	1.16	4.57	4.57	1.16
1995		1.16	4.57	4.57	1.16
1996		1.16	4.57	4.57	1.16
1997		1.23	4.57	4.57	1.23
1998		1.23	4.57	4.57	1.23
1999		1.23	4.57	4.57	1.23
2000		1.23	4.57	4.57	1.23
2001		1.23	4.57	4.57	1.23
2002		1.23	4.57	4.57	1.23
2003		1.21	4.57	4.57	1.23

Source: Fairfax County Department of Tax Administration.

- (1) Real estate and personal property tax rates are based on \$100 of assessed value.

TABLE 6 - Real Property Tax Rates and Tax Levies - All Overlapping Governments
Last Ten Fiscal Years

		Town of Herndon		Town of Vienna	
		Tax Rates (1)	Tax Levies	Tax Rates (1)	Tax Levies
1994	\$	0.320	3,875,869	0.300	3,779,010
1995		0.320	3,832,983	0.300	3,779,010
1996		0.320	4,054,577	0.300	3,943,906
1997		0.320	4,308,590	0.310	4,192,373
1998		0.320	4,584,304	0.310	4,271,557
1999		0.320	5,219,698	0.310	4,465,739
2000		0.320	5,774,217	0.310	4,791,464
2001		0.320	5,754,853	0.310	4,636,899
2002		0.320	6,666,897	0.285	5,821,396
2003		0.300	6,933,357	0.275	6,280,738

Source: The Town of Herndon and the Town of Vienna.

- (1) Real property tax rates are levied per \$100 of assessed value.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 7 - Principal Real Estate Taxpayers
June 30, 2003

Rank	Taxpayer Name	Property Type	2003 Assessed Value (1)	% of Total Assessed
1	West Group Properties, LLC	Various Offices, Retail, Industrial and Land	\$ 487,950,525	0.38 %
2	Lehndorff Tysons Property	Tysons Corner Mall	470,204,250	0.36
3	Prentiss Properties	Office and Land	352,895,465	0.27
4	Dominion Virginia Power	Public Utility	337,069,744	0.26
5	Franconia Two LP	Springfield Mall	241,960,480	0.19
6	Fairfax Company	Fair Oaks Mall	240,363,390	0.19
7	Washington Gas Light Company	Public Utility	193,854,713	0.15
8	EOP Reston Town Center	Office, Shopping Center and Land	187,062,585	0.14
9	Mobil Oil Corp	Headquarter Office and Various Commercial	174,142,430	0.13
10	Springfield Campus LLC	Continuing Care Retirement Community	171,051,950	0.13
11	Gannett Company Inc.	Office	170,335,030	0.13
12	Plaza America Office	Office and Land	163,345,175	0.13
13	West Mac Associates	Various Offices and Land	158,712,945	0.12
14	Smith Property Holdings	Various Commercial	157,974,035	0.12
15	PS Business Parks LP	Various Offices and Land	156,224,370	0.12
16	Avalon Properties Inc	Apartments	154,089,750	0.12
17	Summit Properties	Apartments and Land	151,787,250	0.12
18	Writ LP	Office, Apartments, Industrial and Shopping Centers	146,748,150	0.11
19	Navy Federal Credit Union	Various Offices and Land	125,452,360	0.10
20	The Mitre Corporation	Office	124,387,280	0.10
21	Colshire LLC	Office	120,286,655	0.09
22	Capital One Bank	Office	115,571,165	0.09
23	Verizon Virginia Inc.	Public Utility	106,404,670	0.08
24	California State Teachers	Office and Apartments	101,274,080	0.08
25	Boston Properties LP	Office, Industrial, and Land	99,747,660	0.08
			<u>\$ 4,908,896,107</u>	<u>3.80 %</u>

Source: Fairfax County Department of Tax Administration

Note: Total assessed value of all real property is \$129,247,150,810.

(1) Assessed values as of January 1, 2003

TABLE 8 - Computation of Debt Margin
June 30, 2003

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which Fairfax County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's long-term debt should not exceed three percent of the total market value of taxable real and personal property in the County and the annual debt service should not exceed ten percent of the annual combined general fund expenditures and transfers. Below is the computation of the self-imposed three percent debt limit. The computation of the annual debt service percentage is presented in Table 10.

Self-imposed debt limit:

Three percent of total market value of taxable real and personal property (\$128,927,100,000) \$ 3,867,813,000

Less net bonded debt (1) 1,779,461,575

Debt margin \$ 2,088,351,425

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District One in the Dranesville District (McLean Community Center), the HUD Section 108 Loan, and capital lease debt related to equipment acquisitions, which are not general obligations of Fairfax County.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 9 - Comparative Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property and Net Bonded Debt Per Capita
Last Ten Fiscal Years

	Estimated Population (1)	Value of Taxable Property (000)	Net Bonded Debt (2)	Percentage of Net Bonded Debt to Property Value	Net Debt Per Capita
1994	863,100	\$ 74,395,400	\$ 1,110,177,500	1.49 %	\$ 1,286
1995	879,400	75,702,700	1,136,368,575	1.50	1,292
1996	899,700	78,155,100	1,167,504,650	1.49	1,298
1997	912,100	80,853,900	1,219,735,725	1.51	1,337
1998	931,500	83,471,400	1,258,171,800	1.51	1,351
1999	946,400	87,086,700	1,314,377,875	1.51	1,389
2000	969,700	92,692,600	1,380,266,450	1.49	1,423
2001	984,400	101,048,500	1,442,682,525	1.43	1,466
2002	1,004,400	113,801,300	1,655,613,600	1.45	1,648
2003	1,019,000	128,927,100	1,779,461,575	1.38	1,746

Source: Fairfax County Department of Management and Budget.

(1) Source: Fairfax County Department of Systems Management for Human Services

(2) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District One in the Dranesville District (McLean Community Center), the HUD Section 108 Loan, and capital lease debt related to equipment acquisitions, which are not general obligations of Fairfax County.

TABLE 10 - Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to General Fund Expenditures and Operating Transfers Out and to Total Expenditures Reported in Table 1
Last Ten Fiscal Years

	Debt Service Requirements (1)	General Fund Expenditures (2) and Operating Transfers Out (3)	Percentage of Debt Service to General Fund Expenditures and Transfers Out	Total Expenditures Reported in Table 1	Percentage of Debt Service to Total Expenditures Reported in Table 1
1994	\$ 129,675,197	\$ 1,394,808,186	9.3 %	\$ 2,120,572,522	6.1 %
1995	132,902,278	1,487,080,719	8.9	2,149,874,349	6.2
1996	142,754,018	1,602,457,378	8.9	2,234,124,982	6.4
1997	152,571,474	1,682,606,121	9.1	2,375,999,568	6.4
1998	162,970,744	1,756,990,140	9.3	2,468,291,649	6.6
1999	162,622,554	1,849,587,185	8.8	2,591,953,175	6.3
2000	176,004,197	1,982,577,128	8.9	2,813,446,499	6.3
2001	183,740,487	2,148,334,971	8.6	3,021,194,495	6.1
2002	190,097,946	2,292,006,481	8.3	3,327,010,567	5.7
2003	200,144,587	2,447,015,916	8.2	3,358,108,843	6.0

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Excludes bond issuance and other expenditures recorded in the Debt Service Funds.

(2) Expenditures exclude donated food and capital leases and installment purchases in the year initiated.

(3) Includes operating transfers out to component units which, commencing in fiscal year 2002, are reported as functional expenditures.

COUNTY OF FAIRFAX, VIRGINIA

**TABLE 11 - Computation of Direct and Overlapping and Underlying Debt
June 30, 2003**

	Net Debt Outstanding	Applicable to County	County's Share of Debt
Direct: (1)			
County of Fairfax	\$ 1,779,461,575	100 %	\$ 1,779,461,575
Overlapping: (2)			
Commonwealth of Virginia (3)	83,300,000	47 (4)	39,151,000
Underlying: (2)			
Town of Vienna (5)	16,523,333	100	16,523,333
Town of Herndon (6)	12,514,596	100	12,514,596
Small District One of the Dranesville District (McLean Community Center)	450,000	100	450,000
Total overlapping and underlying debt			68,638,929
Total direct and overlapping and underlying debt			\$ 1,848,100,504

- (1) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District One in the Dranesville District (McLean Community Center), the HUD Section 108 Loan, and capital lease debt related to equipment acquisitions, which are not general obligations of Fairfax County.
- (2) These overlapping and underlying general obligation bonds are obligations for the respective governmental units and are not general obligations of Fairfax County.
- (3) Source: Virginia Department of Transportation.
- (4) Percentage applicable to the County of 47% is an estimate based on the projected development of Route 28 to the year 2018.
- (5) Source: Town of Vienna.
- (6) Source: Town of Herndon.

**TABLE 12 - Schedule of Revenue Bond Coverage for the Integrated Sewer System
Last Ten Fiscal Years**

	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage	
				Senior Bonds (3)	Subordinated Bonds (4)	Total	Senior Bonds	Total Bonds
1994	\$ 86,183,720	57,737,736	28,445,984	8,216,350	3,496,723	11,713,073	3.46	2.43
1995	97,917,413	59,538,513	38,378,900	7,695,805	4,270,832	11,966,637	4.99	3.21
1996	109,058,784	58,270,673	50,788,111	7,396,517	5,235,431	12,631,948	6.87	4.02
1997	105,416,237	57,201,355	48,214,882	13,313,036	8,184,018	21,497,054	3.62	2.24
1998	111,467,716	57,941,548	53,526,168	13,531,966	9,918,468	23,450,434	3.96	2.28
1999	122,445,443	57,711,690	64,733,753	14,808,956	12,096,830	26,905,786	4.37	2.41
2000	122,197,316	57,617,735	64,579,581	13,170,134	13,545,764	26,715,898	4.90	2.42
2001	122,904,982	61,787,120	61,117,862	13,406,258	14,901,320	28,307,578	4.56	2.16
2002	117,377,483	68,664,799	48,712,684	13,342,964	16,483,286	29,826,250	3.65	1.63
2003	112,515,093	70,578,633	41,936,460	13,518,282	20,188,387	33,706,669	3.10	1.24

Source: Fairfax County Department of Finance.

- (1) Gross revenues include all revenues except grants and donated assets.
- (2) Operating expenses do not include depreciation, amortization, and interest.
- (3) Senior bonds include sewer revenue bonds issued by the Sewer System and any parity debt, none of which exists as of June 30, 2003.
- (4) Subordinated bonds include revenue bonds issued by the Sewer System to the Virginia Water Facilities Revolving Fund and the Sewer System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 13 - Demographic Statistics
Last Ten Fiscal Years

	Estimated Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Bachelor's or Higher Degree and 25 Years of Age or Older (5)	Unemployment Rates (6)
1994	863,100	36,503	n/a	137,495	56.0	3.1
1995	879,400	37,829	35.0	140,097	n/a	2.8
1996	899,700	39,261	36.0	143,040	56.0	2.8
1997	912,100	41,267	n/a	145,805	n/a	2.3
1998	931,500	44,362	37.0	148,036	n/a	1.6
1999	946,400	48,271	n/a	151,418	n/a	1.6
2000	969,700	51,596	36.0	154,523	54.8	1.2
2001	984,400	53,721	36.4	158,331	56.2	2.3
2002	1,004,400	54,670	n/a	161,385	n/a	3.0
2003 (projection)	1,019,000	57,231	n/a	163,386	n/a	n/a

- (1) Source: Fairfax County Department of Systems Management for Human Services, 1993-2003; estimates U.S. Bureau of Census, 2000 Decennial Census.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce, 1993 - 2001; Fairfax County Department of Management and Budget, 2002-2003; Includes Fairfax City and Falls Church City.
- (3) Fairfax County Department of Systems Management for Human Services, 1995 to 1998; U.S. Bureau of Census, 2000 and 2001.
- (4) Revised figures from Fairfax County Public Schools, Office of Finance.
- (5) Department of Systems Management for Human Services, 1994 and 1996; U.S. Bureau of the Census, 2000 and 2001.
- (6) Virginia Employment Commission, Annual Unemployment Statistics.

TABLE 14 - Construction and Property Values
Last Ten Fiscal Years

	New Non-Residential Construction (2)		New Residential Construction (2)		Property Values (000) (1)			
	Permits Issued	Value (000)	Permits Issued	Value (000)	Real Estate	Personal Property	Public Service Corporations (3)	Tax Exempt Real Estate (4)
1994	196	\$ 143,898	7,118	\$ 687,368	\$ 66,381,500	\$ 6,070,300	\$ 1,943,600	\$ 5,905,200
1995	199	126,711	7,078	21,830	66,912,100	6,775,400	2,015,200	5,939,500
1996	166	107,445	8,567	646,767	68,647,300	7,539,300	1,968,400	6,163,600
1997	174	10,541	6,159	562,993	70,510,800	8,257,400	2,085,700	6,227,000
1998	374	583,076	7,500	592,779	72,507,700	8,620,700	2,340,000	6,508,300
1999	293	422,293	8,601	679,858	75,497,300	9,070,800	2,515,600	6,690,000
2000	264	636,167	8,667	728,964	80,111,900	9,885,200	2,582,600	7,036,600
2001	258	502,248	6,767	613,342	87,334,100	10,820,500	2,893,900	7,812,400
2002	183	301,439	6,550	566,793	99,173,600	11,586,200	3,042,300	8,246,400
2003	205	164,906	4,866	504,118	114,155,500	11,610,600	3,161,000	8,732,600

- (1) Source: Fairfax County Department of Tax Administration.
- (2) Source: Fairfax County Department of Public Works and Environmental Services. Effective July 1997, the number of building permits issued for new residential construction exclude duplicated permits that result from the master file permit program.
- (3) Consists of \$902,500 real property and \$2,258,500 personal property in 2003 (000).
- (4) Source: Fairfax County Department of Tax Administration. This value is determined on January 1 for the subsequent July 1 to June 30 fiscal year.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 15 - Miscellaneous Statistical Data
June 30, 2003, unless otherwise indicated

A. Date of establishment:	1742
B. Form of government:	Urban County Executive
C. Area, including land and water:	407 square miles
D. Miles of sanitary sewers:	3,240
E. Fire protection:	
1. Number of stations owned:	
a. County-operated fire and rescue stations	20
b. Volunteer fire and rescue stations	11
c. County-owned/volunteer participation stations	<u>4</u>
Total fire stations	35
2. Number of authorized positions:	1,213 uniform/103 civilian
F. Police protection:	
1. Number of authorized positions:	1,259 sworn/547 civilian
2. Number of police vehicles:	1,334
3. Number of helicopters:	2
4. Correctional operations (facilities and population):	
a. Number of authorized positions	478 sworn/89 civilian
b. Number of correctional facilities	<u>2</u>
Adult Detention Center (jail) capacity	1,160 beds
Pre-Release Center (community corrections) capacity	<u>100</u> beds
Total capacity	1,260 beds
c. Number of prisoners booked	48,395
G. Recreation:	
1. Number of County parks (including stream valleys):	386
2. Number of regional parks:	10 (1)
3. Number of acres in County parks:	22,543
4. Facilities in County parks:	

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Athletic fields	293	293	295	290	290	274
Trail miles	180	182	190	206	206	207
Garden plots	825	825	825	825	825	790
Play areas and tot lots	271	271	197	201	201	201
Tennis courts	252	252	222	222	222	222
Multi-use courts	118	138	135	143	143	119
Recreational centers	8	8	8	8	8	8
Golf courses	7	7	7	7	7	7
Historic sites	49	51	54	54	54	54
Nature/visitor centers	6	6	7	7	7	7
Marinas	3	3	3	3	3	3

Note: The process for calculating certain park facilities was revised in FY 2003.

H. Public education system:

1. Number of public schools:	
a. Elementary	132
b. Middle	22
c. High/Secondary	24
d. Special education centers	21
e. Alternative high schools	3
2. Number of personnel:	20,712
3. Number of students:	163,386

I. Number of street lights: 51,417

J. Number of authorized County positions:

1. General fund	9,403
2. General fund supported	1,263
3. Other funds	840
Total	<u>11,506</u>

K. Population:

1. Census population count for last three censuses:	
a. 2000 census population count	969,749
b. 1990 census population count	818,584
c. 1980 census population count	596,901

2. Age distribution of population:

Age Group	1980	1990	2000
Less than 5	38,326	57,892	67,781
5 - 9	45,307	55,698	70,076
10 - 14	54,936	53,112	68,544
15 - 19	54,754	54,207	59,762
20 - 24	47,646	59,425	52,425
25 - 34	112,191	158,602	150,257
35 - 44	98,037	158,119	178,871
45 - 54	70,151	107,709	157,350
55 - 64	48,564	60,276	87,865
65 and over	26,989	53,544	76,818
Total	<u>596,901</u>	<u>818,584</u>	<u>969,749</u>

3. Median household income last three censuses: (2)

a. 2000 census median household income	\$ 82,000
b. 1990 census median household income	57,000
c. 1980 census median household income	30,000

4. Per capita income last three censuses: (2)

a. 2000 per capita income	\$ 51,596
b. 1990 per capita income	29,857
c. 1980 per capita income	14,419

(1) Includes Parks of the Northern Virginia Regional Park Authority, the Commonwealth of Virginia, and the U.S. Department of Interior.

(2) Source: Bureau of Economic Analysis, U.S. Department of Commerce and U.S. Bureau of Census.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 16 - Continuing Bond Disclosure Supplementary Data
June 30, 2003, unless otherwise indicated

A. 20 largest private employers:

	Company	Type of Business	County Employment Range
1	Inova Health System	Health Care	9,000-10,000
2	Northrup Grumman	Professional, Scientific, and Technical Services	6,000-7,000
3	Science Applications International Corp. (SAIC)	Professional, Scientific, and Technical Services	5,000-6,000
4	Booz Allen Hamilton	Professional, Scientific, and Technical Services	5,000-6,000
5	Raytheon	Professional, Scientific, and Technical Services	4,000-5,000
6	Computer Sciences Corp. (CSC)	Professional, Scientific, and Technical Services	4,000-5,000
7	Federal Home Loan Mortgage Corp. (Freddie Mac)	Finance and Insurance	3,000-4,000
8	Navy Federal Credit Union	Finance and Insurance	3,000-4,000
9	American Management Systems (AMS)	Information/Software	3,000-4,000
10	ExxonMobil	Wholesale Trade (Petroleum Products)	2,000-3,000
11	Accenture	Professional, Scientific, and Technical Services	2,000-3,000
12	Capital One	Finance and Insurance	2,000-3,000
13	Lockheed Martin	Professional, Scientific, and Technical Services	2,000-3,000
14	Verizon	Telecommunications	2,000-3,000
15	Sprint	Information/Telecommunications	2,000-3,000
16	Electronic Data Systems (EDS)	Information/Data Processing Services	2,000-3,000
17	Gannett Co.	Information/Newspaper Publishers	2,000-3,000
18	The Mitre Corporation	Professional, Scientific, and Technical Services	2,000-3,000
19	Branch, Banking & Trust Co. (BB&T)	Finance and Insurance	1,000-2,000
20	Nextel Communications	Information/Telecommunications	1,000-2,000

Source: Virginia Employment Commission, 1st quarter 2002; Fairfax County Economic Development Authority

Note: Employment estimates for separate facilities of the same firm have been combined. Employment ranges are given to ensure confidentiality.

B. Businesses and employment by industry: (1)

Industrial Classification	Number of Establishments	Employment
Agriculture/Forestry/Fishing	16	105
Manufacturing	464	11,585
Mining	4	96
Utilities	22	1,513
Wholesale Trade	1,537	15,717
Construction	2,386	31,148
Transportation and Communications	371	6,257
Retail Trade	2,801	53,742
Information	1,000	35,474
Services (2)	17,426	273,671
Finance, Insurance, Real Estate	2,654	31,647
Local/State/Federal Government	204	63,730
Unclassified Establishments	4	12
Total	28,889	524,697

Source: Virginia Employment Commission - 3rd quarter FY2002; Fairfax County Economic Development Authority

Note: Excludes self-employed business owners.

(1) Two-digit North American Industry Classification System (NAICS) code.

(2) The Services category includes professional and technical services, health care, legal, personal, engineering, and architects, and other services, as well as membership organizations and trade associations.

C. Selected corporate expansions in 2002:

Name of Company	Nature of Operations	Square Footage	Projected New Employment
BAE SYSTEMS North America	Aerospace	145,000	1,000
ACS - Government Services	Information Technology	25,000	190
Argon Engineering Associates	Information Technology	25,000	100
Autometric	Information Technology	0	230
EER Systems	Information Technology	40,000	225
Northrup Grumman TASC	Information Technology	0	600
Oracle	Information Technology	230,525	100
PEC Solutions	Information Technology	0	553
Mitretek Systems	Research and Development	0	100
Arrowhead Global Solutions	Telecommunications	16,000	250
Nextel	Telecommunications	40,542	250
The Bode Technology Group	Biotechnology	0	15

Source: Fairfax County Economic Development Authority, 2002 Annual Report

D. Commercial-industrial percentage of the total assessed value of real property:

Fiscal Year (1)	Percent (2)
1994	20.94 %
1995	19.58
1996	19.04
1997	19.56
1998	20.47
1999	21.84
2000	24.32
2001	25.37
2002	24.84
2003	21.97

Source: Fairfax County Department of Tax Administration.

- (1) Fiscal year property taxes are levied on prior year assessments.
 (2) Includes the Towns of Vienna, Herndon and Clifton.

E. Housing units by type of structure:

	1970		1980		1990		2002	
	No.	%	No.	%	No.	%	No.	%
Single Family:								
Detached	91,134	69.7	125,580	59.3	163,029	53.9	184,156	49.7
Attached	6,427	4.9	30,833	14.6	67,306	22.3	90,465	24.4
Multi-Family	33,207	25.4	55,333	26.1	72,129	23.8	95,930	25.9
Total	130,768	100.0	211,746	100.0	302,464	100.0	370,551	100.0

Source: 1970 U.S. Bureau of the Census, U.S. Census of Housing, 1980, 1990 and 2002 data were provided by the Fairfax County Department of Systems Management for Human Services.

Note: Single-family detached includes all single-family homes and mobile homes. Single-family attached includes duplexes, townhouses and multiple units. Multi-family includes garden and elevator units.

F. Per capita taxable sales:

Fiscal Year	Taxable Sales (in billions) (1)	Population (2)	Per Capita Taxable Sales
1993	\$ 7.47	851,900	\$ 8,771
1994	7.96	863,100	9,221
1995	8.31	879,400	9,453
1996	8.50	899,700	9,448
1997	9.04	912,100	9,910
1998	9.65	931,500	10,357
1999	10.62	946,400	11,219
2000	11.32	969,700	11,676
2001	11.01	984,400	11,175
2002	11.13	1,004,400	11,130

- (1) Source: Commonwealth of Virginia Department of Taxation.
 (2) Source: Fairfax County Department of Systems Management for Human Services.





Fairfax County Government Center
12000 Government Center Parkway
Fairfax, Virginia 22035
www.fairfaxcounty.gov

Fairfax County is committed to a policy of nondiscrimination in all county programs, services and activities and will provide reasonable accommodations upon request. Special accommodations/alternative information formats will be provided upon request. Call 703-324-3120, TTY 711.